

**AN ORDINANCE AUTHORIZING THE CITY OF UNIVERSITY CITY, MISSOURI, TO ENTER INTO A LEASE PURCHASE TRANSACTION, THE PROCEEDS OF WHICH WILL BE USED TO FINANCE THE COSTS OF ACQUIRING, CONSTRUCTING, RECONSTRUCTING, REMODELING, EQUIPPING, FURNISHING AND OTHERWISE IMPROVING CITY BUILDINGS; AND APPROVING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH.**

**WHEREAS**, the City of University City, Missouri (the “City”), desires to obtain funds to acquire, construct, reconstruct, remodel, equip, furnish and otherwise improve the City’s Annex Building and Trinity Building (the “Project”); and

**WHEREAS**, the City finds and determines that it is advantageous and in the best interests of the City to authorize the delivery of Certificates of Participation (City of University City, Missouri, Lessee), Series 2024 (the “Certificates”), in an aggregate principal amount not to exceed \$28,500,000, for the purpose of providing funds to (a) pay the costs of the Project and (b) pay the costs of executing and delivering the Certificates; and

**WHEREAS**, to facilitate the foregoing and to pay the costs thereof, it is necessary and desirable for the City to take the following actions:

(a) Enter into an annually-renewable Lease Purchase Agreement (the “Lease”) with UMB Bank, N.A., as trustee (the “Trustee”), pursuant to which the Trustee will lease a portion of the Project consisting of certain personal property described therein (the “Equipment”) on a year-to-year basis to the City with an option to purchase the Trustee’s interest in the Equipment, in substantially the form attached as **Exhibit A**;

(b) Approve a Declaration of Trust (the “Declaration of Trust”) by the Trustee, pursuant to which the Certificates will be executed and delivered, in substantially the form attached as **Exhibit B**;

(c) Approve an Official Statement with respect to the Certificates, to be in substantially the same form as the Preliminary Official Statement with respect to the Certificates, in substantially the form attached as **Exhibit C** (the “Preliminary Official Statement” and as supplemented and amended, the “Official Statement”);

(d) Execute a Continuing Disclosure Undertaking (the “Continuing Disclosure Undertaking”), pursuant to which the City will agree to provide certain financial information, operating data and notices of certain enumerated events with respect to the Certificates, in substantially the form attached as **Exhibit D**;

(e) Enter into a Tax Compliance Agreement (the “Tax Compliance Agreement”) with the Trustee, which sets forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of the Certificates to establish and maintain the exclusion of the Interest Portion of Basic Rent (as defined in the Lease) represented by the Certificates from gross income for federal income tax purposes and to provide guidance for complying with the arbitrage rebate provisions of §148(f) of the Internal Revenue Code, in substantially the form attached as **Exhibit E**; and

(f) Enter into a Certificate Purchase Agreement (the "Purchase Agreement") with the Trustee and Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"), pursuant to which the City will sell the Certificates to the Underwriter, in substantially the form attached as **Exhibit F**.

The Lease, the Continuing Disclosure Undertaking, the Tax Compliance Agreement and the Purchase Agreement are referred to together herein as the "City Documents." Capitalized terms used herein and not otherwise defined herein have the meanings assigned to such terms in the Lease; and

**WHEREAS**, the City Council finds and determines that it is necessary and desirable in connection with the lease of the Equipment and the delivery of the Certificates that the City enter into certain documents and that the City take certain other actions and approve the execution of certain other documents as herein provided;

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF UNIVERSITY CITY, MISSOURI, AS FOLLOWS:**

**Section 1. Approval of Sale and Delivery of the Certificates.**

(a) The City hereby approves the sale of the Certificates for the purposes set forth in the recitals hereto so long as the sale parameters set forth in **Exhibit G** (the "Sale Parameters") are satisfied. Upon satisfaction of the Sale Parameters, the City Manager is hereby authorized and directed, without any further authorization or direction from the City Council, to (1) approve the purchase price for the Certificates, the principal amounts by maturity, the interest rates, the prepayment provisions and the other final terms of the Certificates and (2) execute a Final Terms Certificate, in substantially the form attached as **Exhibit H**. The Certificates shall be sold to the Underwriter at the purchase price and upon the terms provided in the Purchase Agreement.

(b) The Certificates shall be delivered and secured pursuant to the Declaration of Trust. Delivery of the Certificates shall occur as soon as practicable after the approval of this Ordinance and upon payment for the Certificates in accordance with the terms of the sale as provided in the Purchase Agreement. The Certificates shall be in such denominations, shall be in such forms, shall have such other terms and provisions, and shall be executed and delivered in such manner subject to such provisions, covenants and agreements as are set forth in the Declaration of Trust.

**Section 2. Limited Obligations.** The obligation of the City to pay Basic Rent under the Lease is subject to annual appropriation and shall constitute a current expense of the City. Such obligation shall not in any way be construed to be an indebtedness or liability of the City in contravention of any applicable constitutional, statutory or charter limitation or requirement concerning the creation of indebtedness or liability by the City, nor shall anything contained in the Lease constitute a pledge of the general tax revenues, funds or moneys of the City. All provisions of the Lease shall be construed so as to give effect to such intent.

**Section 3. Authorization and Approval of City Documents and Declaration of Trust.** The City Documents and the Declaration of Trust are hereby approved in substantially the forms attached to this Ordinance, with such changes therein as shall be approved by the City Manager. The City Manager's execution of the City Documents shall be conclusive evidence of such approval. The City Manager is hereby authorized and directed to execute and deliver the City Documents on behalf of and as the act and deed of the City. The City Clerk is hereby authorized to attest to and affix the seal of the City to the City Documents.

**Section 4. No Sale, Lease or Disposition of Heritage Site.** The City Council hereby finds, determines and affirmatively states that the Lease, which applies only to the Equipment, does not include the sale, lease or disposition of any "Heritage Sites" as described in Article XI, Section 97 of the City Charter.

**Section 5. Approval of Official Statement.** The Preliminary Official Statement and the final Official Statement are hereby approved in substantially the form of the Preliminary Official Statement attached to this Ordinance, with such changes therein as shall be approved by the City Manager. The City Manager's execution of the Official Statement shall be conclusive evidence of his approval thereof. The City Manager is hereby authorized and directed to execute and deliver the Official Statement on behalf of and as the act and deed of the City. The City hereby authorizes and approves the public distribution of the final Official Statement by the Underwriter.

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

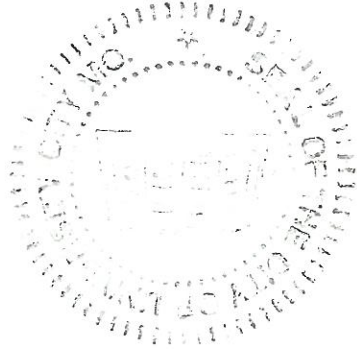
**Section 6. Further Authority.** The City shall, and the officials and agents of the City are hereby authorized and directed to, take such actions, expend such funds and execute such other documents, certificates and instruments as may be necessary or advisable to carry out and comply with the intent of this Ordinance, including engaging counsel to assist with post-issuance tax and/or disclosure matters and to carry out, comply with and perform the duties of the City with respect to the delivery of the Certificates. The execution of such documents or taking of such actions shall be conclusive evidence of such necessity or advisability.

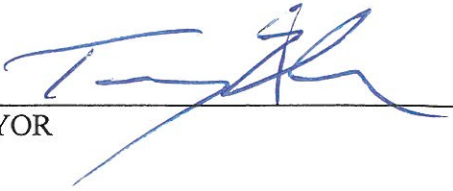
**Section 7. Effective Date.** This Ordinance shall take effect and be in force from and after its passage as provided by law.

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PASSED and ADOPTED this 10<sup>th</sup> day of JUNE, 2024.

[SEAL]



  
MAYOR

ATTEST:

  
CITY CLERK

CERTIFIED TO BE CORRECT AS TO FORM:

  
CITY ATTORNEY

**EXHIBIT A**  
**LEASE PURCHASE AGREEMENT**

[On file with the City Clerk]

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**LEASE PURCHASE AGREEMENT**

**between**

**UMB BANK, N.A.**

**and the**

**CITY OF UNIVERSITY CITY, MISSOURI**

**Dated as of June 1, 2024**

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## LEASE PURCHASE AGREEMENT

**THIS LEASE PURCHASE AGREEMENT** (this “Lease”), dated as of June 1, 2024, is entered into between **UMB BANK, N.A.**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”), and the **CITY OF UNIVERSITY CITY, MISSOURI**, a home-rule charter city and political subdivision organized and existing under the laws of the State of Missouri (the “City”).

### RECITALS:

1. Concurrently herewith, the Trustee has executed a Declaration of Trust (as hereinafter defined) pursuant to which the Trustee will execute and deliver a series of Certificates (as defined in the Declaration of Trust), the proceeds of which will be used to pay the costs of (a) acquiring, constructing, reconstructing, remodeling, equipping, furnishing and otherwise improving the City’s Annex Building and the Trinity Building (the “Project”) and (b) executing and delivering the Certificates.

2. The Trustee desires to convey by lease a portion of the Project consisting of certain personal property (as further described on **Schedule 1**, the “Equipment”) to the City, all subject to the terms and conditions and for the purposes set forth in this Lease.

3. The City is authorized under the constitution and laws of the State of Missouri to enter into this Lease for the purposes set forth herein.

**THEREFORE**, for and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

**Section 1.01. Definitions.** In addition to words and terms defined in the Declaration of Trust (which definitions are hereby incorporated by reference) and elsewhere in this Lease, the following words and terms used in this Lease shall have the following meanings, unless some other meaning is plainly intended:

“**Available Revenues**” means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

“**Basic Rent**” means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth on **Exhibit A**, as **Exhibit A** may be revised as provided in **Section 3.09** of the Declaration of Trust and **Section 4.08**.

“**Basic Rent Payment**” means a payment of Basic Rent.

**“Basic Rent Payment Date”** means each April 1 and October 1 during the Lease Term, commencing on April 1, 2025\*.

**“Business Day”** means a day other than (a) a Saturday or Sunday, (b) a day on which banks located in any city in which the principal corporate trust office or designated corporate trust office of the Trustee or any paying agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

**“City”** means the City of University City, Missouri, a home-rule charter city duly created, organized and existing under and by virtue of the laws of the State of Missouri, and its successors.

**“Completion Certificate”** means the certificate of the City given in accordance with **Section 5.03**.

**“Completion Date”** means the date of completion of the acquisition, construction and installation of the Project as that date shall be certified as provided in **Section 5.03**.

**“Continuing Disclosure Undertaking”** means the Continuing Disclosure Undertaking dated as of June 1, 2024, executed by the City, as from time to time amended.

**“Contract”** means any one of the agreements between the City and various parties, if any, providing for the acquisition, construction and installation of various portions of the Project.

**“Declaration of Trust”** means the Declaration of Trust dated as of June 1, 2024, by the Trustee, as from time to time amended or supplemented in accordance with its terms.

**“Equipment”** means the personal property described under the heading “Description of Equipment” on **Schedule 1**, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

**“Event of Default”** means an Event of Default as described in **Section 12.01**.

**“Event of Nonappropriation”** means an Event of Nonappropriation as described in **Section 3.04**.

**“Fiscal Year”** means the fiscal year of the City, currently the 12-month period beginning July 1.

**“Interest Portion”** means the portion of each Basic Rent Payment that represents the payment of interest as set forth on **Exhibit A**.

**“Lease”** means this Lease Purchase Agreement, dated as of June 1, 2024, between the Trustee, as lessor, and the City, as lessee, as from time to time amended or supplemented in accordance with its terms.

**“Lease Term”** means the Original Term and all Renewal Terms.

**“Net Proceeds”** means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys’ fees, incurred in the collection thereof.

**“Original Term”** means the period from the delivery of this Lease until the end of the Fiscal Year then in effect.

**“Principal Portion”** means the portion of each Basic Rent Payment that represents the payment of principal as set forth on **Exhibit A**.

**“Project”** means acquiring, constructing, reconstructing, remodeling, equipping, furnishing and otherwise improving the City’s Annex Building and Trinity Building, including acquiring, constructing and installing the Equipment.

**“Project Costs”** means all reasonable or necessary expenses related or incidental to the Project, including the expenses of studies, engineering services, legal and other special services and all other necessary and incidental expenses. Project Costs shall include Costs of Delivery.

**“Purchase Price”** means the amount designated as such in **Article X** that the City shall pay to the Trustee to purchase the Trustee’s interest in the Equipment.

**“Renewal Term”** means each renewal term of this Lease, each having a duration of one year and a term coextensive with the then-current Fiscal Year as provided in **Section 3.02**, except that the last possible Renewal Term shall end on April 2, 2049\*.

**“Rent”** means, collectively, Basic Rent and Supplemental Rent.

**“Rent Payment”** means a payment of Rent.

**“Special Tax Counsel”** means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America.

**“State”** means the State of Missouri.

**“Supplemental Lease”** means any amendment or supplement to this Lease entered into pursuant to **Article VIII** of the Declaration of Trust and **Section 13.05**.

**“Supplemental Rent”** means all amounts due hereunder other than Basic Rent.

**“Supplemental Rent Payment”** means a payment of Supplemental Rent.

**“Trustee”** means the party acting as Trustee under the Declaration of Trust.

**Section 1.02. Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural and vice versa, and words importing persons shall include individuals, corporations, partnerships, joint ventures, associations, joint-stock companies, trusts, unincorporated organizations and governments and any agency or political subdivision thereof.

The words “herein,” “hereby,” “hereunder,” “hereof,” “hereto,” “hereinbefore,” “hereinafter” and other equivalent words refer to this Lease as a whole and not solely to the particular article, section, paragraph or subparagraph in which such word is used.

Reference herein to a particular article, section, exhibit, schedule or appendix shall be construed to be a reference to the specified article or section hereof or exhibit, schedule or appendix hereto unless the context or use clearly indicates another or different meaning or intent.

Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

The table of contents, captions and headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Lease.

**Section 1.03. Execution in Counterparts.** This Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 1.04. Severability.** If any provision of this Lease is held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Lease contained shall not affect the remaining portions of this Lease, or any part thereof.

**Section 1.05. Date of Lease.** The dating of this Lease as of June 1, 2024, is intended as and for the convenient identification of this Lease only and is not intended to indicate that this Lease was executed and delivered on said date, this Lease being executed and delivered and becoming effective simultaneously with the initial execution and delivery of the Series 2024 Certificates.

**Section 1.06. Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State.

## ARTICLE II

### REPRESENTATIONS

**Section 2.01. Representations by the City.** The City represents and warrants, as of the date of delivery hereof, as follows:

(a) The City is a home-rule charter city duly created, organized and existing under and by virtue of the laws of the State with full power and authority to enter into this Lease and to perform all of its obligations hereunder.

(b) The City has full power and authority to enter into the transactions contemplated by this Lease and has been duly authorized to execute and deliver this Lease by proper action by its governing body. This Lease is a valid, legal and binding obligation of the City enforceable in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws and equitable principles affecting creditors' rights generally.

(c) The lease of the Equipment by the Trustee to the City, as provided in this Lease, is necessary, desirable, in the public interest and consistent with the permissible scope of the City's authority. The City hereby declares its current need for the Equipment and its current expectation that it will continue to need and use the Equipment for the maximum Lease Term.

(d) The City's financial statements that have been used in connection with any offering of the Certificates present fairly, in accordance with the accrual basis of accounting, the financial position of the City as at their respective dates and the revenues and expenses and changes in fund balances for the periods covered thereby.

(e) Neither the execution and delivery of this Lease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is a party or by which the City is bound.

(f) There is no proceeding pending or, to the City's knowledge, threatened in any court or before any governmental authority or arbitration board or tribunal challenging the validity of the proceedings of the governing body of the City authorizing this Lease or the power or authority of the City to enter into this Lease or the validity or enforceability of this Lease or which, if adversely determined, would adversely affect the transactions contemplated by this Lease or the interest of the Trustee under this Lease.

(g) The City has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the City's interests in any property now or hereafter included in the Equipment shall be or may be impaired, changed or encumbered in any manner whatsoever, except as contemplated by this Lease.

(h) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists.

(i) Upon completion, the Project will be structurally sound and in compliance with all applicable building and design codes and the City's requirements.

(j) The City has complied or will comply with any public bidding requirements that may be applicable to this Lease and the Project.

## ARTICLE III

### DEMISING OF THE PROPERTY; LEASE TERM

**Section 3.01. Lease of Equipment.** The Trustee hereby conveys, demises, leases and lets to the City, and the City accepts, rents, leases and hires from the Trustee, the Equipment in accordance with this Lease for the Lease Term.

**Section 3.02. Lease Term.** The Original Term of this Lease shall terminate on the last day of the current Fiscal Year. The Lease Term may be continued, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one year, provided that the final Renewal Term shall not extend beyond April 2, 2049\*. At the end of the Original Term and at the end of each Renewal Term, unless the City has terminated this Lease pursuant to **Section 3.04** or **10.01** and for no other reason, the City shall be deemed to have exercised its option to continue this Lease for the next Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided on **Exhibit A**.

**Section 3.03. Continuation of Lease Term by the City.** The City reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and each of the Renewal Terms can be obtained. The City further covenants that its responsible financial officer shall make provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend this Lease for any Renewal Term is to be made in accordance with the City's normal procedures for such decisions by the then-current governing body of the City.

**Section 3.04. Nonappropriation.** The City is obligated only to pay periodic payments under this Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, this Lease shall be deemed terminated at the end of the then-current Original Term or Renewal Term. An Event of Nonappropriation shall be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then-current Original Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If this Lease is terminated in accordance with this Section, the City agrees peaceably to transfer and surrender possession of the Equipment to the Trustee.

**Section 3.05. Enjoyment of Equipment.** The Trustee shall provide the City during the Lease Term with quiet use and enjoyment of the Equipment, and the City shall during the Lease Term peaceably and quietly have, hold and enjoy the Equipment, without suit, trouble or hindrance from the Trustee, except as expressly set forth in this Lease. The City shall have the right to use the Equipment for any essential governmental or proprietary purpose of the City, subject to the limitations contained in this Lease.

Notwithstanding any other provision in this Lease, the Trustee shall have no responsibility to cause the Equipment to be acquired or installed or to maintain or repair the Equipment. The City shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, State, local and other governments or governmental authorities, now or hereafter applicable to the Equipment, as to the manner and use or the condition of the Equipment. The

City shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of **Article VII**. The City shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the City to comply with the provisions of this Section. Notwithstanding any provision contained in this Section, however, the City shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the City may refrain from complying therewith, if the City furnishes, on request, to the Trustee, at the City's expense, indemnity satisfactory to the Trustee.

**Section 3.06. Inspection.** The Trustee and its agents shall have the right at all reasonable times and with reasonable notice during business hours to enter into and upon the property where the Equipment is located for the purpose of inspecting the Equipment.

## ARTICLE IV

### RENT

**Section 4.01. Basic Rent.** The City shall promptly pay all Basic Rent, subject to **Sections 3.04** and **4.03**, in lawful money of the United States of America on each Basic Rent Payment Date in such amounts as are described on **Exhibit A**. A portion of each Basic Rent Payment is paid as, and represents payment of, interest as set forth on **Exhibit A** (said interest to be attributable to the various principal components in accordance with the per annum rates set forth on **Exhibit A**).

To provide for the timely payment of Basic Rent, the City shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The City will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term, and such funds will not be expended for other purposes.

**Section 4.02. Supplemental Rent.** The City shall pay, subject to **Sections 3.04** and **4.03**, as Supplemental Rent (a) all Impositions (as defined in **Article VI**); (b) all amounts required under **Section 4.04** and all other payments of whatever nature which the City has agreed to pay or assume under this Lease; (c) all expenses, including attorneys' fees and expenses to the extent permitted by law, incurred in connection with the enforcement of any rights under this Lease by the Trustee; (d) all fees, charges and expenses of the Trustee as further provided in **Section 4.07**; and (e) any payments required to be made pursuant to the Tax Compliance Agreement. Amounts required to be paid under this Section shall be paid directly to the person or entity owed.

**Section 4.03. Rent Payments to Constitute a Current Expense and Limited Obligation of the City.** NOTWITHSTANDING ANY OTHER PROVISION HEREOF, THE TRUSTEE AND THE CITY UNDERSTAND AND INTEND THAT THE OBLIGATION OF THE CITY TO PAY RENT HEREUNDER BE LIMITED TO PAYMENT FROM AVAILABLE REVENUES AND SHALL CONSTITUTE A CURRENT EXPENSE OF THE CITY AND SHALL NOT IN ANY WAY BE



CONSTRUED TO BE A DEBT OF THE CITY IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, NOR SHALL ANYTHING CONTAINED HEREIN CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS OR MONEYS OF THE CITY, AND ALL PROVISIONS OF THIS LEASE SHALL BE CONSTRUED SO AS TO GIVE EFFECT TO SUCH INTENT.

**Section 4.04. Advances.** If the City fails to keep the Equipment in good repair, the Trustee may, but shall be under no obligation to, maintain and repair the Equipment and pay the cost thereof. All amounts so advanced by the Trustee shall constitute Supplemental Rent for the then-current Original Term or Renewal Term, and the City covenants and agrees to pay such amounts so advanced by the Trustee with interest thereon from the date advanced until the date paid at the Trustee's current prime rate plus 2% per annum or the maximum amount permitted by law, whichever is less. In accordance with Section 427.120 of the Revised Statutes of Missouri, unless the City provides evidence of the insurance coverage required by this Lease, the Trustee may purchase insurance at the City's expense to protect the Trustee's interests hereunder. This insurance may, but need not, protect the City's interests. The coverage that the Trustee may purchase may not pay any claim that the City may make or any claim that may be made against the City in connection with the Equipment. The City may later cancel any insurance purchased by the Trustee, but only after providing a certification signed by an Authorized Representative that the City has obtained insurance as required by this Lease. If the Trustee purchases insurance for the Equipment, the City will be responsible for the costs of that insurance, including the insurance premium, interest and any other charges the Trustee may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance will be added as Supplemental Rent. The costs of the insurance may be more than the cost of insurance the City may be able to obtain on its own.

**Section 4.05. Credit against Basic Rent Payment Obligation.** The City shall receive credit against its obligation to pay the Interest Portion or Principal Portion of Basic Rent to the extent moneys are on deposit in the Lease Revenue Fund and are available to pay the Interest Portion or the Principal Portion of Basic Rent represented by the Certificates.

**Section 4.06. Net Lease; Rent Payments to be Unconditional.** THIS LEASE IS INTENDED TO BE NET, NET, NET TO THE TRUSTEE, SUBJECT TO SECTIONS 3.04, 4.03 AND 4.05, AND THE OBLIGATIONS OF THE CITY TO MAKE PAYMENT OF THE RENT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SETOFF OR DEFENSE, FOR ANY REASON, INCLUDING ANY FAILURE OF THE EQUIPMENT TO BE ACQUIRED OR INSTALLED, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

Nothing in this Lease shall be construed as a waiver by the City of any rights or claims the City may have against the Trustee under this Lease or otherwise, but any recovery upon such rights and claims shall be from the Trustee separately, it being the intent of this Lease that the City shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease, including its obligation to pay Basic Rent and Supplemental Rent. The City may, however, at its own cost and expense and in its own name or in the name of the Trustee, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its rights of possession, occupancy and use hereunder, and in such event the

Trustee hereby agrees, subject to receipt by the Trustee of satisfactory indemnity in accordance with **Section 11.03** of the Declaration of Trust, to cooperate fully with the City and at the request of the Owners of a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then-Outstanding, to take all action necessary to effect the substitution of the City for the Trustee in any such action or proceeding if the City shall so request.

**Section 4.07. Compensation of the Trustee.** The City shall, from time to time, upon the written request of the Trustee, (a) pay to the Trustee reasonable compensation for its services as agreed to by the City and the Trustee from time to time (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and (b) reimburse the Trustee for all reasonable advances, fees, costs and expenses, including but not limited to, advances to and reasonable fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by it in the exercise and performance of its powers and duties hereunder. Compensation under this Section is to be paid as Supplemental Rent as set forth in **Section 4.02**, except that the initial fee is to be included in Costs of Delivery. The Trustee will have a first lien against the Trust Estate for its reasonable costs, fees, expenses and advances hereunder or under the Declaration of Trust. If it becomes necessary for the Trustee to perform extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith (including without limitation attorneys' fees and expenses); provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee, it shall not be entitled to compensation for reimbursement thereof.

**Section 4.08. Increased Basic Rent.** Notwithstanding any other provision of this Lease, the Trustee and the City may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the City on any Basic Rent Payment Date in connection with the delivery of Additional Certificates under **Section 3.09** of the Declaration of Trust. Each such Supplemental Lease will include an amended **Exhibit A** reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent due on each Basic Rent Payment Date.

## ARTICLE V

### ACQUISITION, CONSTRUCTION AND INSTALLATION OF THE PROJECT

**Section 5.01. Acquisition, Construction and Installation.** The City represents, warrants, covenants and agrees as follows:

- (a) It has entered into or will enter into Contracts providing for the acquisition, construction and installation of the Project in accordance with the City's plans and specifications;
- (b) It will cause the acquisition, construction and installation of the Project to be completed with all reasonable dispatch in accordance with the applicable provisions of this Lease;
- (c) All Contracts entered into or to be entered into by the City relating to such work shall be in accordance with all applicable requirements of the laws of the State and shall have the performance bonds required by **Section 7.01(d)**;

(d) It has obtained or shall obtain all necessary or required permits, licenses, consents and approvals that are material for the purchase, construction, installation, operation and maintenance of the Project and shall comply with all lawful requirements of any governmental body regarding the use or condition of the Project, whether existing or later enacted or foreseen or unforeseen or whether involving any change in governmental policy or requiring structural or other changes to the Project and irrespective of the cost of so complying;

(e) It will pay all fees, costs and expenses incurred in purchasing, constructing and installing the Project or, to the extent there are moneys in the Project Fund available therefor, will request the Trustee to make such payments from the Project Fund in the manner hereinafter and in the Declaration of Trust provided; and

(f) It will ask, demand, sue for and use its best efforts to recover and receive such sums of money, debts or other demand to which it may be entitled under any contract, order, receipt, guaranty, warranty, writing or instruction in connection with the purchase, construction and installation of the Project, and it will use its best efforts, to the extent economically reasonable, to enforce the provisions of any contract, agreement, obligation, bond or other security in connection therewith, and any such amounts received in connection with the foregoing, after deduction of expenses incurred in recovering such amounts, shall be paid to the Trustee for deposit in the Project Fund if the Completion Date has not occurred or for deposit in the Lease Revenue Fund if the Completion Date has occurred.

If the purchase, construction and installation of the Project or any portion thereof is delayed or fails to occur for any reason, there shall be no diminution in or postponement of the payments to be made by the City hereunder.

The Trustee is not the agent or representative of the City, and the City is not the agent of the Trustee, and this Lease shall not be construed to make the Trustee liable to materialmen, contractors, subcontractors, craftsmen, laborers or others for goods or services delivered by them in connection with the Project, or for debts or claims accruing to the aforesaid parties against the City. This Lease shall not create any contractual relation either express or implied between the Trustee and any materialmen, contractors, subcontractors, craftsmen, laborers or any other persons supplying any work, labor or materials in connection with the Project. Notwithstanding anything herein or in the Declaration of Trust to the contrary, during the Lease Term, the Trustee shall not be deemed to exercise control over or be an operator or owner of the Project and shall not be responsible or liable for the operation, use and maintenance of the Project.

**Section 5.02. Payment of Project Costs.** Costs and expenses of every nature that qualify as Project Costs shall be paid by the Trustee from the Project Fund upon receipt by the Trustee of a completed request of the City signed by an Authorized Representative and containing the statements, representations and certifications set forth in the form of such request attached to the Declaration of Trust as **Exhibit B**.

In making disbursements for Project Costs, the Trustee shall be entitled to conclusively rely upon each executed requisition certificate without inquiry or investigation. It is understood that the Trustee shall *not* make any inspections of the Project, make any provision to obtain completion bonds, mechanics' or materialmen's lien releases or otherwise supervise any phase of the acquisition, construction or installation of the Project. The approval of each requisition certificate by an Authorized Representative

shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Project Fund have been completed.

**Section 5.03. Completion Date; Excess Funds.** The Completion Date shall be evidenced to the Trustee upon receipt by the Trustee of a certificate signed by an Authorized Representative (the "Completion Certificate") stating (a) the date on which the Project was substantially completed, (b) that all other facilities necessary in connection with the Project have been purchased, constructed and/or installed, (c) that the Project has been completed in accordance with the plans and specifications therefor and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for Project Costs described in accordance with clause (e), all Project Costs have been paid, and (e) the amounts, if any, to be retained in the Project Fund for the payment of Project Costs, if any, not yet due or Project Costs whose liability the City is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the City that then exist or may subsequently come into being against third parties. Any amounts remaining in the Project Fund that are not needed to pay any remaining Project Costs shall be transferred to the Lease Revenue Fund.

**Section 5.04. Warranties.** The Trustee hereby assigns to the City for and during the Lease Term, all of its interest in all warranties, guarantees or other contract rights against any architect, contractor, subcontractor or supplier, express or implied, issued on or applicable to the Project, and the Trustee hereby authorizes the City to obtain the customary services furnished in connection with such warranties, guarantees or other contract rights at the City's expense. The City's sole remedy for the breach of such warranties, guarantees or other contract rights shall be against any architect, contractor, subcontractor or supplier, and not against the Trustee, nor shall such matter have any effect whatsoever on the rights of the Trustee with respect to this Lease, including the right to receive full and timely Basic Rent Payments and Supplemental Rent Payments. The City expressly acknowledges that the Trustee does not make nor has it made any representation or warranty whatsoever as to the existence or availability of such warranties, guarantees or other contract rights of the manufacturer or supplier of any portion of the Project.

**Section 5.05. DISCLAIMER OF WARRANTIES.** THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY PART THEREOF. IN NO EVENT SHALL THE TRUSTEE BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS LEASE OR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CITY'S USE OF THE PROJECT OR ANY PART THEREOF.

**Section 5.06. Deficiency of Project Fund.** If the Project Fund shall be insufficient to pay fully all Project Costs and to fully acquire, construct and install the Project lien free, the City shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same shall become due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the City shall save the Trustee whole and harmless from any obligation to pay such deficiency.

## ARTICLE VI

### IMPOSITIONS

**Section 6.01. Impositions.** The City shall bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, which may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Equipment, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against personal property, and further including all charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Equipment (all of the foregoing being herein referred to as "Impositions").

**Section 6.02. Contest of Impositions.** The City shall have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition which the City is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal proceedings instituted at least 10 days before the Imposition complained of becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the City that, in the opinion of counsel, by nonpayment of any such items the interest of the Trustee in the Equipment will be endangered or the Equipment or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee. The Trustee agrees to cooperate with the City in connection with any and all administrative or judicial proceedings related to Impositions. The City shall hold the Trustee whole and harmless from any costs and expenses the Trustee may incur with respect to any Imposition.

## ARTICLE VII

### INSURANCE; INDEMNITY

**Section 7.01. Insurance Required.** The City shall, during the Lease Term, cause the Equipment to be kept continuously insured against such risks customarily insured against for property such as the Equipment and shall pay (except as otherwise provided herein), as the same becomes due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) To the extent insurable, insurance insuring the Equipment against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the greater of the Principal Portion of the Certificates then-Outstanding or the replacement value of the Equipment and issued by such insurance company or companies authorized to do business in the State as may be selected by the City. The policy or policies of such insurance shall name the City and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance shall be applied as provided in **Article IX**.

(b) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the City and the Trustee are named as

insureds, in an amount not less than the limits of liability set by Section 537.610 of the Revised Statutes of Missouri.

(c) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State.

(d) Performance and labor and material payment bonds with respect to the Contracts in the full amount of the Contracts from surety companies qualified to do business in the State.

Not less than 15 days prior to the expiration dates of the expiring policies, originals or copies of the policies required by this Section or certificates evidencing such insurance will be delivered by the City to the Trustee showing continuation of the expiring policies. All policies of such insurance, and all renewals thereof, shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 30 days' written notice to the City and the Trustee.

Nothing in this Lease shall be construed as preventing the City from satisfying the insurance requirements herein set forth by using blanket policies of insurance or self-insurance provided each and all of the requirements and specifications of this Lease respecting insurance are complied with.

**Section 7.02. Enforcement of Contract and Surety Bonds.** In the event of material default of any contractor or subcontractor under a Contract or any other contract made in connection with the acquisition, construction and installation of the Project, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the City will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the City against the contractor or subcontractor in default and against each surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the City of any amounts theretofore paid by the City not previously reimbursed to the City for correction or remedying of the default which gave rise to the proceedings against the contractor or subcontractor or surety, shall be paid to the Trustee for deposit in the Project Fund if received before the Completion Date or, if such funds are received after the Completion Date, for deposit in the Lease Revenue Fund to be used solely for the purpose of paying Basic Rent under this Lease.

**Section 7.03. Release and Indemnification.** To the extent permitted by law, the City shall indemnify, protect, hold harmless, save and keep the Trustee and its officials, officers, shareholders, employees, directors, attorneys and agents harmless from and against any and all liability, obligation, loss, claim, tax (other than income taxes or other taxes on or attributable to Rent Payments, if any, which are received by the Trustee in its individual capacity) and damage whatsoever and all expenses in connection therewith (including attorneys' fees and expenses) that are not caused by the negligence or willful misconduct of the party seeking indemnification under this Section arising out of or as the result of (a) the entering into of this Lease and the Declaration of Trust, (b) the acquisition, construction and installation of the Project, (c) injury, actual or claimed, of whatever kind or character, to property or persons, occurring or allegedly occurring in, on or about the Equipment during the Lease Term, and/or (d) the breach of any covenant or any material misrepresentation by the City contained herein; provided that the City shall have the right to conduct the Trustee's defense through counsel designated by the City and approved by the Trustee, which approval shall not be unreasonably withheld; provided further that the Trustee may retain separate counsel, at the expense of the City, if counsel selected by the City fails to actively and competently pursue a defense, or if the Trustee believes in good faith that there are defenses available to it that are not available to the City or that are adverse to or in conflict with those available to

the City or that the Trustee believes in good faith cannot be asserted by common counsel. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease and the Declaration of Trust or the termination of this Lease for any reason.

## ARTICLE VIII

### COVENANTS OF THE CITY

**Section 8.01. Maintenance and Modification of Equipment by the City.** The City will at its own expense (a) keep the Equipment in a safe condition, (b) with respect to the Equipment, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Equipment in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Equipment the maintenance, repair, replacement or renewal of which becomes uneconomical to the City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City shall not permit others to commit a nuisance in or about the Equipment or itself commit a nuisance in connection with its use of the Equipment. The City will pay all costs and expenses of operation of the Equipment.

The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Equipment that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Equipment. All additions, modifications or improvements made by the City pursuant to the authority of this Section shall (1) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (2) when commenced, be pursued to completion with due diligence and (3) when completed, be deemed a part of the Equipment.

During the Lease Term, the Equipment will be used by the City only for the purpose of performing essential governmental or proprietary functions of the City consistent with the permissible scope of the City's authority.

**Section 8.02. City's Continuing Existence.** The City will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic.

**Section 8.03. Continuing Disclosure.** The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Lease, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered a default or an Event of Default under this Lease; provided, however, that any Owners of Certificates may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section.

## ARTICLE IX

### CASUALTY AND CONDEMNATION

**Section 9.01. Damage, Destruction and Condemnation.** The City shall bear the risk of loss with respect to the Equipment during the Lease Term. If (a) the Equipment is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the Net Proceeds will be paid to the Trustee. Upon the written direction of the City, the Trustee will disburse the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation as directed by the City to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment, unless the City shall have exercised its option to purchase the Trustee's interest in the Equipment by making payment of the Purchase Price as provided herein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under this Lease.

If the City determines that the replacement, repair, restoration, modification or improvement of the Equipment is not economically feasible or in the best interest of the City, then, in lieu of making such replacement, repair, restoration, modification or improvement and if permitted by law, the City shall promptly purchase the Trustee's interest in the Equipment pursuant to **Section 10.01(c)** by paying the Purchase Price and any Net Proceeds shall be applied by the City to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the City.

**Section 9.02. Insufficiency of Net Proceeds.** If the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement referred to in **Section 9.01** and the City has not elected to purchase the Trustee's interest in the Equipment pursuant to **Section 10.01(c)**, the City shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the City shall make any payments pursuant to this Section, the City shall not be entitled to any reimbursement thereof from the Trustee nor shall the City be entitled to any diminution of Rent.

**Section 9.03. Eminent Domain.** Under State statutes, the City has the power to condemn property for its purposes, and the City acknowledges that condemnation of the Equipment would adversely affect the Trustee. The City has agreed to the terms of the acquisition of the Equipment, at the City's option, and to the use of the Equipment, all as set forth in this Lease. Any acquisition of the Trustee's interest in the Equipment or rights to its use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with this Lease, including payment of Rent Payments and the applicable Purchase Price. If the City allows this Lease to expire without exercising its option to purchase (whether by failure to exercise its option to extend this Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the maximum Lease Term or failure to cure an Event of Default), that action shall constitute an irrevocable determination by the City that the Equipment is not required by it for any public purpose for the term of this Lease.

The City hereby covenants and agrees, to the extent it may lawfully do so, that if for any reason it exercises the power of eminent domain with respect to the Equipment, the appraisal value of the Equipment shall not be less than the Rent Payments then due plus the then applicable Purchase Price.



If title to all or a portion of the Equipment is challenged or threatened by means of competent legal or equitable action, the City covenants that it shall cooperate with the Trustee and shall take all reasonable actions, including where appropriate the lawful exercise of the City's power of eminent domain, in order to quiet title to the Equipment in the City.

## ARTICLE X

### OPTION TO PURCHASE; PARTIAL PREPAYMENT

**Section 10.01. Purchase Option.** The City shall have the option to purchase the Trustee's interest in the Equipment, upon giving written notice to the Trustee at least 30 days before the date of purchase, at the following times and on the following terms:

(a) At any time on or after the date stated for *Optional Prepayment* in **Section 5.02(a)** of the Declaration of Trust, upon payment in full of the Rent Payments then due hereunder plus a Purchase Price equal to the remaining Principal Portions of Basic Rent for the maximum Lease Term plus the Interest Portion of Basic Rent accrued to the purchase date;

(b) On any date upon deposit of funds or Government Obligations or both with the Trustee in accordance with **Article X** of the Declaration of Trust in the amount necessary to provide for the Basic Rent Payments until and on, and the Purchase Price calculated as described in (a) above on the Certificates to, any date occurring on or after the date stated for *Optional Prepayment* in **Section 5.02(a)** of the Declaration of Trust; or

(c) In the event of substantial damage to or destruction or condemnation (other than condemnation by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Equipment, or if as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, this Lease or the Declaration of Trust becomes unenforceable, on the date the City specifies as the purchase date in the City's notice to the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due hereunder plus a Purchase Price equal to the remaining Principal Portions of Basic Rent for the maximum Lease Term plus the Interest Portion of Basic Rent accrued to the purchase date.

Unless the maturity date of any Certificates Outstanding shall have been extended pursuant to the Declaration of Trust, then upon payment in full of all Rent Payments through April 1, 2049\*, the City shall be deemed to have purchased the Equipment pursuant to this Section.

**Section 10.02. Partial Prepayment.** The City shall have the option to prepay the Basic Rent Payments in part, upon giving written notice to the Trustee at least 30 days before the date of such prepayment, on any date occurring on or after the date stated for *Optional Prepayment* in **Section 5.02(a)** of the Declaration of Trust, at a Prepayment Price equal to the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such date.

The Principal Portion of Basic Rent prepaid pursuant to the provisions of this **Section 10.02** shall be in integral multiples of \$5,000 and shall be credited in inverse order of maturity. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter shall be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion as shown on **Exhibit A**.

**Section 10.03. Determination of Fair Rent and Purchase Price.** The City hereby agrees and determines that the Rent hereunder during the Original Term and any Renewal Term represents the fair value of the use of the Equipment and that the Purchase Price required to exercise the City's option to purchase the Trustee's interest in the Equipment pursuant to **Section 10.01** represents, as of the end of the Original Term or any Renewal Term, the fair Purchase Price of the Equipment. The City hereby determines that the Rent does not exceed a reasonable amount so as to place the City under an economic practical compulsion to renew this Lease or to exercise its option to purchase the Equipment hereunder. In making such determinations, the City has given consideration to the costs of the Equipment, the uses and purposes for which the Equipment will be employed by the City, the benefit to the City by reason of the acquisition and installation of the Equipment and the use of the Equipment pursuant to the terms and provisions of this Lease and the City's option to purchase the Equipment. The City hereby determines and declares that the acquisition and installation of the Equipment and the leasing of the Equipment pursuant to this Lease will result in Equipment of comparable quality and meeting the same requirements and standards as would be necessary if the acquisition and installation of the Equipment were performed by the City other than pursuant to this Lease. The City hereby determines and declares that the maximum Lease Term does not exceed the useful life of the Equipment.

## ARTICLE XI

### ASSIGNMENT

**Section 11.01. Assignment and Subleasing by the City.** Except as hereinafter expressly provided, none of the City's right, title and interest in, to and under this Lease and in the Equipment may be assigned or encumbered by the City for any reason; except that the City may sublease any one or more parts of the Equipment if the City obtains and delivers to the Trustee an opinion of Special Tax Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Equipment shall be subject to this Lease and the rights of the Trustee in, to and under this Lease and in the Equipment.

## ARTICLE XII

### EVENTS OF DEFAULT

**Section 12.01. Events of Default Defined.** Any of the following shall constitute an "Event of Default" under this Lease:

- (a) Failure by the City to make any deposits required by **Section 4.01** to pay Basic Rent in the Lease Revenue Fund at the time specified herein;
- (b) Failure by the City to make any Supplemental Rent Payment when due and the continuance of such failure for 10 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;
- (c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it

be remedied is given to the City by the Trustee unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the City in or pursuant to this Lease or the execution, delivery or performance of it shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(e) Any provision of this Lease shall at any time for any reason cease to be valid and binding on the City, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the City or any governmental agency or authority, if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The City becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to or acquiesces in the appointment of a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed for the City or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the City and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

If the City fails to comply with the Continuing Disclosure Undertaking, such failure shall not be an Event of Default under this Lease.

**Section 12.02. Remedies on Default.** Whenever any Event of Default exists, the Trustee shall have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the City, the Trustee may declare all Rent payable by the City hereunder to the end of the then-current Original Term or Renewal Term to be due;

(b) With or without terminating this Lease, the Trustee may take possession of the Equipment (in which event the City shall take all actions necessary to authorize, execute and deliver to the Trustee all documents necessary to vest in the Trustee all of the City's interest in the Equipment) and sell the Equipment or lease the Equipment or, for the account of the City, sublease the Equipment continuing to hold the City liable for the difference between (1) the Rent payable by the City hereunder for the then-current Original Term or Renewal Term, as the case may be, and (2) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under this Lease, including without limitation all expenses of taking possession of, removing, storing, reconditioning, and selling or leasing or subleasing the Equipment and all brokerage, auctioneers' and attorneys' fees);

(c) The Trustee may terminate any rights the City may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Equipment and under this Lease.

**Section 12.03. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease and now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article.

## ARTICLE XIII

### MISCELLANEOUS

**Section 13.01. Notices.** All notices, certificates or other communications to be given or to be served upon any party in connection with this Lease shall be given in accordance with **Section 12.03** of the Declaration of Trust.

**Section 13.02. Title to Equipment.** Title to the Equipment shall vest in the City subject to the Trustee's rights under this Lease; provided that title thereto shall thereafter immediately and without any action by the City vest in the Trustee and the City shall immediately surrender possession thereof to the Trustee upon (a) any termination of this Lease without the City exercising its option to purchase pursuant to **Section 10.01** or (b) the occurrence of an Event of Default. It is the intent of the parties hereto that any transfer of title to the Trustee pursuant to this Section shall occur automatically without the necessity of any deed, bill of sale, certificate of title or other instrument of conveyance. Nevertheless, the City shall execute and deliver any such instruments as the Trustee may request to evidence such transfer.

**Section 13.03. Personal Property.** The Trustee and the City agree that the Equipment is and will remain personal property. The Equipment will not be deemed to be affixed to or a part of the real estate or building on or under which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed to, buried in or otherwise attached to such real estate or any building thereon. If necessary to protect the security interest of the Trustee, the City will, at the City's expense, furnish a waiver of any interest in the Equipment from any party having an interest in any such real estate or building.

To secure the payment of all of the City's obligations under this Lease, to the extent permitted by law, the Trustee retains a security interest in the Equipment and all additions, attachments and accessions thereto, substitutions therefor and proceeds therefrom. The City shall execute all additional documents, including financing statements, affidavits, notices and similar instruments that are necessary or appropriate to establish and maintain such security interest. The City agrees to file or cause to be filed financing statements with respect to the Equipment in favor of the Trustee.

**Section 13.04. Binding Effect.** This Lease shall inure to the benefit of and shall be binding upon the Trustee and the City and their respective successors and assigns.

**Section 13.05. Amendments, Changes and Modifications.** This Lease may not be effectively amended, changed, modified, altered or supplemented except with the written consent of the Trustee and the City and as provided in the Declaration of Trust.

**Section 13.06. Electronic Transaction.** The parties agree that the transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 13.07. Anti-Discrimination Against Israel Act.** Pursuant to Section 34.600 of the Revised Statutes of Missouri, the Trustee certifies it is not currently engaged in and shall not, for the duration of this Lease, engage in a boycott of goods or services from (a) the State of Israel, (b) companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or (c) persons or entities doing business in the State of Israel.

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, the Trustee and the City have caused this Lease to be executed in their names by their duly authorized representatives as of the date first above written.

**UMB BANK, N.A.,  
as Trustee**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF UNIVERSITY CITY, MISSOURI**

By: \_\_\_\_\_  
Gregory Rose, City Manager

[SEAL]

ATTEST:

\_\_\_\_\_  
LaRette Reese, City Clerk

**SCHEDULE 1  
TO LEASE PURCHASE AGREEMENT**

**DESCRIPTION OF EQUIPMENT**

The Equipment consists of the personal property described below.

<b>Description</b>	<b>Estimated Cost for Annex Building</b>	<b>Estimated Cost for Trinity Building</b>
Elevator equipment and machine room equipment	\$ 108,256	\$ 44,064
Fire protection pumps and equipment	81,332	15,473
HVAC equipment, including rooftop units, fan coil units, split systems and exhaust equipment	515,436	204,564
Electrical equipment, including switchgears, panels, generators, security cameras and card access system	1,280,729	277,771



**EXHIBIT A**  
**TO LEASE PURCHASE AGREEMENT**  
**SCHEDULE OF BASIC RENT PAYMENTS AND PURCHASE PRICE**  
**SERIES 2024 CERTIFICATES**

[\*Insert schedule of Basic Rent Payments after pricing\*]

<u>Basic Rent Payment Date</u>	<u>Purchase Price on Basic Rent Payment Date through but excluding next Payment of the Principal Portion of Basic Rent</u>
Beginning Balance	\$[*Principal Amount*]
04/01/2025	
04/01/2026	
04/01/2027	
04/01/2028	
04/01/2029	
04/01/2030	
04/01/2031	
04/01/2032	
04/01/2033	
04/01/2034	*
04/01/2035	
04/01/2036	
04/01/2037	
04/01/2038	
04/01/2039	
04/01/2040	
04/01/2041	
04/01/2042	
04/01/2043	
04/01/2044	
04/01/2045	
04/01/2046	
04/01/2047	
04/01/2048	
04/01/2049	0

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\* First optional prepayment date under Section 5.02 of the Declaration of Trust.



**EXHIBIT B**

**DECLARATION OF TRUST**

[On file with the City Clerk]

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**DECLARATION OF TRUST**

by

**UMB BANK, N.A.**

**Dated as of June 1, 2024**

**[\$\*Principal Amount\*]  
CERTIFICATES OF PARTICIPATION  
(CITY OF UNIVERSITY CITY, MISSOURI, LESSEE)  
SERIES 2024**

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- Exhibit A. Form of Certificate of Participation
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## DECLARATION OF TRUST

**THIS DECLARATION OF TRUST** (this “Declaration of Trust”), dated as of June 1, 2024, is made by **UMB BANK, N.A.**, a national banking association organized and existing under the laws of the United States of America, as settlor and trustee (the “Trustee”).

### RECITALS:

1. Concurrently herewith, the Trustee and the City of University City, Missouri (the “City”), have entered into a Lease Purchase Agreement dated as of June 1, 2024 (as the same may be amended or supplemented in accordance with its terms from time to time, the “Lease”), pursuant to which the Trustee will convey and lease to the City the hereinafter-defined Equipment and will grant the City an option to purchase the Trustee’s interest in the Equipment.

2. Certificates of Participation substantially in the form of **Exhibit A** (the “Series 2024 Certificates”), each such Series 2024 Certificate evidencing a proportionate interest of the Owner (hereinafter defined) thereof in rights under the Lease, will be executed and delivered hereunder. The proceeds from the sale of the Series 2024 Certificates will be used to pay the costs of (a) acquiring, constructing, reconstructing, remodeling, equipping, furnishing and otherwise improving the City’s Annex Building and Trinity Building (the “Project”) and (b) executing and delivering the Series 2024 Certificates.

3. The Trustee is obligated to pay the costs of the Project only from funds available from the sale of the Series 2024 Certificates.

4. The Trustee is making this Declaration of Trust to set forth the terms of the Series 2024 Certificates and any Additional Certificates as hereinafter defined and authorized (the Series 2024 Certificates and the Additional Certificates being referred to collectively as the “Certificates”), the security therefor and other provisions respecting the Certificates.

### DECLARATION CLAUSES

**NOW, THEREFORE**, in order to secure the payment of the principal of, premium, if any, and interest on the Certificates, and to secure the performance and observance of all covenants and conditions therein and herein contained, and to declare the terms and conditions upon, and subject to which, the Certificates are intended to be sold, held, secured and enforced, and in consideration of the premises set forth herein and of the purchase and acceptance of the Certificates by the Owners thereof, the Trustee has executed and delivered this Declaration of Trust and does declare that it will hold all of the assets, property and interests received by it under the terms of this Declaration of Trust and the Lease and all agreements and instruments contemplated hereby or thereby (except the Rebate Fund and any compensation, indemnification or other amounts which may be due directly to the Trustee hereunder or thereunder) (collectively, the “Trust Estate”), as trustee, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Certificates, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any of the other Certificates;



**PROVIDED, HOWEVER,** that if the principal, premium, if any, and interest due or to become due with respect to the Certificates are paid or provision made therefor in accordance with **Article X**, at the times and in the manner mentioned in the Certificates according to the true intent and meaning thereof, and provision shall have also been made for paying all sums payable under the Lease by the City in accordance with **Article X**, then this Declaration of Trust and the rights hereby granted shall cease, determine and be void except as provided in **Article X**;

**THIS DECLARATION OF TRUST FURTHER WITNESSETH,** and it is expressly declared, that all Certificates are to be sold, executed and delivered and all said rights and interests are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Trustee has agreed and covenanted, and does hereby agree and covenant, with the respective Owners of the Certificates as follows:

## **ARTICLE I**

### **DEFINITIONS**

**Section 1.01. Definitions.** In addition to words and terms defined in the Lease (which definitions are hereby incorporated by reference) and elsewhere in this Declaration of Trust, the following words and terms used in this Declaration of Trust shall have the following meanings, unless some other meaning is plainly intended:

**“Additional Certificates”** means any Certificates executed and delivered pursuant to **Section 3.09**.

**“Authorized Representative”** means the City Manager, the Finance Director, the City Clerk or any other person designated to act on behalf of the City by the City Council pursuant to an ordinance or resolution filed with the Trustee.

**“Cede & Co.”** means Cede & Co., as nominee of the Securities Depository, and any successor nominee of the Securities Depository with respect to the Certificates.

**“Certificate Payments”** means the payments to be made to the Owners of the Certificates, whether representing the Interest Portion only or the Principal Portion and Interest Portion of Basic Rent under the Lease.

**“Certificate Purchase Agreement”** means the Certificate Purchase Agreement pursuant to which the Underwriter agrees to purchase the Certificates.

**“Certificates”** means the Series 2024 Certificates and any Additional Certificates.

**“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 advertising and printing costs, costs of preparing and reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction (including fees of Special Tax Counsel and counsel to the Underwriter) and all other initial fees and disbursements contemplated by the Lease and this Declaration of Trust.

**“Directive”** means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Registrar kept pursuant to **Section 3.06**, or their lawful attorneys-in-fact, representing not less than a majority of the aggregate unpaid Principal Portion represented by the then-Outstanding Certificates.

**“Equipment”** means a portion of the Project consisting of certain personal property, as further described on **Schedule 1** to the Lease.

**“Event of Default”** means an Event of Default as described in **Section 9.01**.

**“Event of Lease Default”** means an Event of Default under **Section 12.01** of the Lease.

**“FAST Agent”** means the Trustee when acting as agent for the Securities Depository in accordance with the rules established by the Securities Depository for Fast Automated Securities Transfers.

**“Funds”** means, collectively, the Project Fund, the Lease Revenue Fund, the Rebate Fund and all accounts therein.

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

**“Investment Securities”** means any securities or investments that are lawful for the investment of moneys held in the Funds under the laws of the State.

**“Lease Revenue Fund”** means the fund by that name established pursuant to **Section 6.01**.

**“Lease Revenues”** means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any Fund established pursuant to this Declaration of Trust.

**“Notice by Mail”** or **“Notice”** of any action or condition **“by Mail”** means a written notice meeting the requirements of this Declaration of Trust mailed by first-class mail to the Owners of specified Certificates, at the addresses shown on the registration books maintained by the Registrar pursuant to **Section 3.06**.

**“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.

**“Outstanding”** means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to this Declaration of Trust except (a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) 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 this Declaration of Trust and (c) Certificates paid or deemed to be paid pursuant to **Article X**.

“**Owner**” or “**Registered Owner**” of a Certificate means the owner of such Certificate as shown on the register kept by the Registrar pursuant to **Section 3.06**.

“**Participants**” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“**Prepayment Date**” means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates.

“**Prepayment Price**” means, with respect to any Certificate (or portion thereof) to be prepaid, the amount specified in **Section 5.02**.

“**Proceeds**” means the aggregate moneys initially paid to the Trustee for each series of Certificates.

“**Project Fund**” means the fund by that name established pursuant to **Section 6.01**.

“**Rebate Fund**” means the fund by that name established pursuant to **Section 6.01**.

“**Record Date**” means the 15th day (whether or not a Business Day) of the calendar month preceding the month in which the applicable Basic Rent Payment Date occurs.

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

“**Representation Letter**” means the Representation Letter from the City to the Securities Depository.

“**Securities Depository**” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“**Series 2024 Certificates**” means the \$[\*Principal Amount\*] aggregate principal amount of Certificates of Participation (City of University City, Missouri, Lessee), Series 2024, executed and delivered pursuant to this Declaration of Trust.

“**Supplemental Declaration of Trust**” means any supplement or amendment to this Declaration of Trust entered into by the Trustee pursuant to **Article VIII**.

“**Tax Compliance Agreement**” means the Tax Compliance Agreement dated as of June 1, 2024, between the City and the Trustee, as from time to time amended.

“**Trust Estate**” means the assets, property and interests held by the Trustee pursuant to this Declaration of Trust and the Lease.

“**Trustee**” means UMB Bank, N.A., St. Louis, Missouri, and its successor or successors and their respective assigns.

“**Underwriter**” means Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri, the original purchaser of the Series 2024 Certificates.

**Section 1.02. General Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural and vice versa, and words importing persons shall include individuals, corporations, partnerships, joint ventures, associations, joint-stock companies, trusts, unincorporated organizations and governments and any agency or political subdivision thereof.

The words “herein,” “hereby,” “hereunder,” “hereof,” “hereto,” “hereinbefore,” “hereinafter” and other equivalent words refer to this Declaration of Trust as a whole and not solely to the particular article, section, paragraph or subparagraph in which such word is used.

Reference herein to a particular article, section, exhibit, schedule or appendix shall be construed to be a reference to the specified article or section hereof or exhibit, schedule or appendix hereto unless the context or use clearly indicates another or different meaning or intent.

Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

The table of contents, captions and headings in this Declaration of Trust are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Declaration of Trust.

**Section 1.03. Severability.** If any provision of this Declaration of Trust is held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Declaration of Trust contained shall not affect the remaining portions of this Declaration of Trust, or any part thereof.

**Section 1.04. Date of Declaration of Trust.** The dating of this Declaration of Trust as of June 1, 2024, is intended as and for the convenient identification of this Declaration of Trust only and is not intended to indicate that this Declaration of Trust was executed and delivered on said date, this Declaration of Trust being executed and delivered and becoming effective simultaneously with the initial execution and delivery of the Series 2024 Certificates.

**Section 1.05. Governing Law.** This Declaration of Trust shall be governed by and construed in accordance with the laws of the State.

## ARTICLE II

### COVENANT AS TO LEASE

**Section 2.01. Covenant as to Lease.** The Trustee covenants and agrees that, except in accordance with the terms of this Declaration of Trust and the Lease, it will not take any action that would result in the occurrence of an Event of Default and that it will not agree to any abatement, reduction, abrogation, waiver, diminution or other modification in any manner or to any extent whatsoever of the obligations of the City under the Lease to pay Basic Rent and to meet its other obligations as provided in the Lease.

## ARTICLE III

### THE CERTIFICATES

**Section 3.01. Title and Amount of Certificates.** No Certificates may be executed and delivered under this Declaration of Trust except in accordance with this Article. The Certificates shall be designated “Certificates of Participation (City of University City, Missouri, Lessee)” with such further appropriate designation added to or incorporated in such title for the Certificates of any particular series as the Trustee may determine. The Series 2024 Certificates shall be designated and shall be in such aggregate amount as provided in **Section 3.08**.

**Section 3.02. General Provisions Concerning the Certificates.**

(a) The Certificates and the form of assignment to appear thereon shall be in substantially the form set forth in **Exhibit A**, with necessary or appropriate variations, omissions and insertions as permitted or required hereby or by any Supplemental Declaration of Trust.

(b) The Certificates shall be fully-registered Certificates transferable to subsequent Owners only on the books kept by the Registrar pursuant to **Section 3.06** as hereinafter provided. Each Certificate shall be in the denomination of \$5,000 or any integral multiple thereof.

(c) Each of the Certificates shall represent the Interest Portion and Principal Portion of Basic Rent payable with respect thereto and shall be on a parity with the other Certificates as to the entire Trust Estate.

(d) The Certificates shall be numbered from 1 upward, shall be dated and the Principal Portion shall be payable, subject to prior prepayment upon the terms and conditions hereinafter set forth, and shall represent Interest Portions of Basic Rent calculated at certain rates as set forth in this Declaration of Trust or any Supplemental Declaration of Trust authorizing such series of Certificates.

(e) The Interest Portion of the Basic Rent represented by each Certificate shall be payable from the date thereof or the most recent date to which said Interest Portion has been paid. The Interest Portion of the Basic Rent represented by the Series 2024 Certificates shall be paid on each April 1 and October 1, commencing on April 1, 2025\*. The Interest Portion of the Basic Rent represented by any Additional Certificates shall be paid on the dates set forth in the Supplemental Declaration of Trust authorizing such Additional Certificates.

(f) Payment of the Interest Portion of the Basic Rent represented by any Certificates shall be made to the person appearing on the registration books of the Registrar as the Owner thereof on the Record Date, such Interest Portion to be paid to such Owner (1) by check or draft drawn on the Trustee and mailed to such Owner's address as it appears on the registration books of the Registrar on the Record Date or (2) by electronic transfer to such Owner upon written notice given to the Trustee by such Owner not less than 15 days prior to the Record Date for such Interest Portion, containing the electronic transfer instructions including the name of the bank, the bank's ABA routing number, the account number to which such Owner wishes to have such transfer directed, and an acknowledgement that an electronic transfer fee may be applicable.

(g) The Interest Portion of the Basic Rent represented by any Certificates shall be computed with respect to such Certificates on the basis of a 360-day year of twelve 30-day months.

(h) The Principal Portion of the Basic Rent and prepayment premium, if any, represented by the Certificates shall be payable (whether at maturity or upon prepayment or acceleration) by check or draft to the Owners of such Certificates upon presentation and surrender of such Certificates at the designated corporate trust office of the Trustee or such other office as the Trustee designates.

(i) Payment of Certificate Payments and of the Prepayment Price of Certificates shall be made in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for public and private debts.

**Section 3.03. Execution of Certificates.** The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized signatory of the Trustee.

**Section 3.04. Transfer of Certificates.** Any Certificate may be transferred upon the books required to be kept pursuant to the provisions of **Section 3.06** by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. The Trustee or the Securities Depository shall also require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. If any Owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code of 1986, as amended, such amount may be deducted by the Trustee from amounts otherwise payable to such Owner hereunder or under the Certificates.

**Section 3.05. Exchange of Certificates.** Certificates may be exchanged at the designated corporate trust office of the Trustee for a like aggregate principal amount of Certificates of the same series, maturity, interest rate and tenor. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of any Certificate shall be required of the Trustee after such Certificate has been called for prepayment.

**Section 3.06. Registration Books.** The Registrar will keep or cause to be kept at its designated corporate trust office, sufficient books for the registration and transfer of the Certificates, which shall at all reasonable times be open to inspection by the City, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided.

The person in whose name any Certificate shall be registered on the registration books maintained by the Registrar on the Record Date shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the Interest Portions and Principal Portions of Basic Rent represented by such Certificate shall be made only to or upon the order in writing of such Owner, which payments shall be valid and effectual to satisfy and discharge the liability under the Lease as represented by such Certificate to the extent of the sum or sums so paid.

**Section 3.07. Certificates Mutilated, Lost, Destroyed or Stolen.** If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor, series, maturity, interest rate and number in exchange and substitution for the Certificate so mutilated (except that such number may be preceded by a distinguishing prefix), but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed in accordance with then-applicable record retention requirements. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and indemnity of the Trustee and the City satisfactory to the Trustee has been given, the Trustee, at the expense of the Owner of the Certificate, shall execute and deliver a new Certificate of like tenor, series, maturity, interest rate and number as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee shall require payment of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered under this Section and of the expenses that may be incurred by the Trustee under this Section. Any Certificate executed and delivered under this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Declaration of Trust with all other Certificates secured by this Declaration of Trust. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be Outstanding hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate for a Certificate which has been mutilated, lost, destroyed or stolen and which has matured, is about to mature or has been selected for prepayment, the Trustee may make payment of such Certificate.

**Section 3.08. Series 2024 Certificates.** There shall be prepared, executed and delivered under this Declaration of Trust a series of Certificates in the aggregate principal amount of \$[\*Principal Amount\*], as follows:

- (a) The Series 2024 Certificates shall be designated “Certificates of Participation (City of University City, Missouri, Lessee), Series 2024.”
- (b) The Series 2024 Certificates shall be dated their date of delivery and shall be payable on the dates, in the principal amounts and with interest accruing at the rates set forth on **Exhibit C**.

Prior to or simultaneously with the execution and delivery of the Series 2024 Certificates by the Trustee the following documents shall be filed with the Trustee:

- (1) A copy of the ordinance adopted by the City Council authorizing the execution of the Lease.

(2) Executed counterparts of this Declaration of Trust, the Lease, the Certificate Purchase Agreement, the Tax Compliance Agreement and the Continuing Disclosure Undertaking.

(3) An Opinion of Counsel as to the validity of the Series 2024 Certificates and the exemption from federal income taxation of the Interest Portion of Basic Rent Payments represented by the Series 2024 Certificates.

(4) Evidence of the insurance required by **Article VII** of the Lease.

(5) A request and authorization to the Trustee by the City to authenticate the Series 2024 Certificates and to deliver the Series 2024 Certificates to or upon the order of the Underwriter upon payment, for the account of the City, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the name(s) of the purchaser(s) and the amount of such purchase price.

(6) Such other certificates, statements, receipts, opinions and documents required by this Declaration of Trust or the Lease, or as the Trustee may reasonably require for the delivery of the Series 2024 Certificates.

When the documents specified above have been filed with the Trustee, and when the Series 2024 Certificates have been executed as required by this Declaration of Trust, the Trustee shall deliver the Series 2024 Certificates to or upon the order of the Underwriter or hold the Series 2024 Certificates as FAST Agent for the benefit of the beneficial owners, but only upon payment to the Trustee of the purchase price of the Series 2024 Certificates, as specified in the Certificate Purchase Agreement. The Proceeds of the sale of the Series 2024 Certificates paid over to the Trustee shall be deposited and applied as provided in **Article VI**.

### **Section 3.09. Additional Certificates.**

(a) Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by this Declaration of Trust on a parity with the Series 2024 Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in this Section and for any of the following purposes:

(1) To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Project in the event of damage, destruction or condemnation thereto or thereof, but only to the extent that such costs exceed the Net Proceeds of the insurance or condemnation awards out of which such costs are to be paid pursuant to the Lease.

(2) To provide funds to pay all or any part of the costs of acquiring, constructing and installing additions to the Project or other improvements that may be added to the Project, all as the City may deem necessary or desirable.

(3) To provide funds for refunding all or any 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.



- (4) Any other purpose permitted by law as the City may deem necessary or desirable.

The principal amount of any Additional Certificates may include an amount sufficient to pay the costs and expenses of delivery, any required funding of a reserve fund and such capitalized amounts as are permitted by law.

(b) Before any Additional Certificates may be executed and delivered under the provisions of this Section, the City shall (1) adopt an ordinance authorizing the execution and delivery of a Supplemental Lease and such Additional Certificates, fixing the amount and terms thereof and describing the Certificates to be refunded, if any, (2) consent in writing to the Trustee's execution of a Supplemental Declaration of Trust for the purpose of executing and delivering such Additional Certificates, and (3) authorize the Trustee to enter into an amendment to the Lease with the City to provide for Basic Rent Payments at least sufficient to pay the Principal Portion, premium, if any, and Interest Portion of the Certificates then to be Outstanding (including the Additional Certificates to be executed and delivered) as the same becomes due, and for such other matters as are appropriate because of the execution and delivery of the Additional Certificates proposed to be delivered.

(c) Such Additional Certificates will have the same designation as the Series 2024 Certificates, except for an identifying series letter or date. The Principal Portion and the Interest Portion of Basic Rent represented by such Additional Certificates will be payable on the dates, in the amounts and (with respect to such Interest Portion) at the rates as may be provided by the Supplemental Declaration of Trust authorizing such Additional Certificates. **Exhibit C** will be amended by such Supplemental Declaration of Trust to reflect separately the Basic Rent allocable to each series of Certificates. Such Additional Certificates will be on a parity with and will be entitled to the same benefit and security of this Declaration of Trust as the Series 2024 Certificates and any other Additional Certificates.

(d) The Additional Certificates will be executed substantially in the form and manner as provided in this Article, but prior to or simultaneously with the delivery of such Additional Certificates by the Trustee, the following items will be filed with the Trustee:

- (1) A copy of the ordinance adopted by the City Council authorizing such Supplemental Lease and authorizing the execution and delivery of the Additional Certificates, fixing the amount and terms thereof and describing the Certificates to be refunded, if any.

- (2) Executed counterparts of the Supplemental Declaration of Trust authorizing such Additional Certificates, the Supplemental Lease and any certificate purchase agreement relating to the Additional Certificates.

- (3) An Opinion of Counsel to the effect that the execution and delivery of such Additional Certificates will not result in the Interest Portion of Basic Rent evidenced by any tax-exempt Certificates then-Outstanding becoming includable in gross income of the Owners thereof for federal income tax purposes.

- (4) Evidence of the insurance required by **Article VII** of the Lease.

- (5) Such other certificates, statements, receipts, opinions and documents required by this Declaration of Trust or the Lease or as the Trustee may reasonably require for the delivery of the Additional Certificates.

(e) When the documents mentioned in paragraph (d) of this Section have been filed with the Trustee, and when such Additional Certificates have been executed and registered as required by this Declaration of Trust, the Trustee will deliver such Additional Certificates to or upon the order of the purchaser of such Additional Certificates or hold the Additional Certificates as FAST Agent for the benefit of the beneficial owners, but only upon payment of the purchase price of such Additional Certificates. The Proceeds of the sale of the Additional Certificates, including accrued interest, if any, paid to the Trustee will be deposited as provided in the Supplemental Declaration of Trust.

**Section 3.10. Book-Entry Only System.** The Certificates shall initially be registered on the Certificate register maintained by the Registrar in the name of Cede & Co., and beneficial owners will not receive certificates representing their respective interests in the Certificates, except in the event of Replacement Certificates as provided below. It is anticipated that during the term of the Certificates, the Securities Depository will make book-entry transfers among the Participants and receive and transmit notices with respect to and payments representing the Principal Portion of Basic Rent and the Interest Portion of Basic Rent with respect to the Certificates until and unless the Trustee executes and delivers Replacement Certificates to the beneficial owners as described below.

The Trustee agrees to give the various written notices to the Securities Depository in accordance with the Representation Letter delivered to the Securities Depository in connection with the original execution and delivery of the Certificates.

If the Securities Depository determines to discontinue providing its services with respect to the Certificates and the City cannot obtain a qualified successor Securities Depository, or if the City determines not to use the book-entry system of the Securities Depository, the Trustee shall execute and deliver one or more certificates (the "Replacement Certificates") to the Participants in principal amounts and maturities corresponding to the identifiable beneficial owners' interests in the Certificates, with such adjustments as the Trustee may find necessary or appropriate as to accrued interest and previous calls for prepayment. In such event, all references to the Securities Depository herein shall relate to the period of time when at least one Certificate is registered in the name of the Securities Depository or its nominee. Upon the delivery of Replacement Certificates, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable, with respect to such Replacement Certificates. The Trustee may rely on information from the Securities Depository and its Participants as to the names and addresses of and principal amounts held by the beneficial owners of the Certificates. The cost of printing Replacement Certificates shall be paid by the City.

**Section 3.11. Successor Securities Depository.** If the Securities Depository resigns, is unable to properly discharge its responsibilities or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation, the Trustee, with the written consent of the City, may appoint a successor Securities Depository, provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation. Upon the appointment of a successor Securities Depository, the former Securities Depository shall surrender the Certificates, together with assignments duly executed in accordance with **Section 3.04**, to the Trustee for transfer to the successor Securities Depository, and the Trustee shall cause the authentication and delivery of the Certificates to the successor Securities Depository in appropriate denominations and form as provided herein.

**Section 3.12. Cancellation and Destruction of Certificates upon Payment.**

(a) All Certificates that have been paid or prepaid or that the Trustee has purchased or that have otherwise been surrendered to the Trustee under this Declaration of Trust, either at or before maturity, if not reissued in an exchange pursuant to **Section 3.05**, shall be canceled by the Trustee immediately upon the payment, prepayment or purchase of such Certificates and the surrender thereof to the Trustee. Upon written request of the City, the Trustee shall execute a certificate describing the Certificates to be canceled and shall file an executed counterpart of such certificate with the City.

(b) All Certificates canceled under any of the provisions of this Declaration of Trust shall be destroyed by the Trustee in accordance with then-applicable record retention requirements.

**ARTICLE IV**

**PARTICULAR COVENANTS AND PROVISIONS**

**Section 4.01. Covenant of Trustee as to Performance of Obligations.** The Trustee covenants that it will promptly remit to the Owner of each Certificate its interest in each installment of Basic Rent to the extent received by the Trustee, at the places, on the dates and in the manner provided herein and in the Certificates.

**Section 4.02. Covenant to Perform Undertakings.** The Trustee covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Declaration of Trust, in any and every Certificate executed and delivered hereunder and in all proceedings of the Trustee pertaining thereto. The Trustee covenants that it is duly authorized to execute and deliver the Certificates and to enter into this Declaration of Trust and to perform its obligations hereunder.

**ARTICLE V**

**PREPAYMENT**

**Section 5.01. General.** The Certificates are subject to prepayment pursuant to this Article and any Supplemental Declaration of Trust to the extent that prepayments of Basic Rent are required, allowed or provided under the Lease.

**Section 5.02. Prepayment Provisions with Respect to the Series 2024 Certificates.**

(a) *Optional Prepayment.* The Series 2024 Certificates maturing on April 1, 20\_\_ and thereafter shall be subject to optional prepayment, as a whole or in part, on April 1, 20\_\_ or any date thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2024 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the City upon the exercise of its option to purchase the Trustee's interest in the Equipment or to partially prepay Basic Rent Payments pursuant to the terms of the Lease.

(b) *Extraordinary Optional Prepayment – Damage, Destruction, Condemnation, Changes in Law.* The Series 2024 Certificates shall be subject to optional prepayment on any date prior to their

respective stated maturities, as a whole (but not in part), at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Equipment, or if as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Lease or this Declaration of Trust becomes unenforceable and the City purchases the Trustee's interest in the Equipment pursuant to the Lease.

[\*](c) *Mandatory Prepayment.* The Series 2024 Certificates maturing on April 1, 2044\* and April 1, 2049\* (collectively, the "Term Certificates") shall be subject to mandatory prepayment at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2024 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the following principal amounts:

**April 1, 2044\* Term Certificates**

<b><u>Prepayment Date</u></b> <b><u>(April 1)</u></b>	<b><u>Principal Portion</u></b>
2041	\$
2042	
2043	
2044*	

\* Final Maturity

**April 1, 2049\* Term Certificates**

<b><u>Prepayment Date</u></b> <b><u>(April 1)</u></b>	<b><u>Principal Portion</u></b>
2045	\$
2046	
2047	
2048	
2049*	

\* Final Maturity

The Trustee shall in each year in which such Term Certificates are to be prepaid pursuant to the terms of the foregoing paragraph make timely selection of such Term Certificates or portions thereof by lot and shall give notice thereof as hereinafter provided without further instructions from the City.

If permitted by law, moneys deposited in the Lease Revenue Fund in excess of amounts necessary to pay amounts representing the Principal Portions and Interest Portions with respect to the Term Certificates coming due on or prior to the next ensuing Basic Rent Payment Date may be used at any time to purchase Term Certificates in the open market, to the extent practical, at the written instruction of the City at a price agreed to by the City not in excess of 100% of the principal amount thereof and to pay interest accrued on such Term Certificates so purchased at the specified rate thereon to the date of purchase.

At its option, to be exercised on or before the 45th day next preceding any mandatory Prepayment Date, the City may (1) deliver to the Trustee for cancellation Term Certificates in any aggregate principal amount desired or (2) receive a credit with respect to the mandatory prepayment obligation provided above for the respective Term Certificates of the same maturity which prior to such date shall have been purchased or prepaid (other than through the operation of such mandatory prepayment provisions as aforesaid) and canceled by the Trustee and not theretofore applied against such mandatory prepayment obligation. Each Term Certificate so delivered or previously purchased or prepaid as described in the immediately preceding sentence shall be credited at 100% of the principal amount thereof against the obligation to prepay Term Certificates of the same maturity on the next succeeding mandatory Prepayment Date pursuant to this subsection and any excess of such amount shall be credited on future mandatory prepayment obligations for Term Certificates pursuant to this subsection in chronological order. If the City intends to exercise the option granted by clause (1) or (2) above, the City shall, on or before the 45th day next preceding each mandatory Prepayment Date, furnish the Trustee a certificate signed by an Authorized Representative indicating to what extent said provisions of clauses (1) and (2) are to be complied with, with respect to such mandatory prepayment requirement and the Term Certificates to be canceled.\*]

**Section 5.03. Selection of Certificates for Prepayment; Notice to Trustee.** If less than all of the Outstanding Certificates are called for optional prepayment, Certificates shall be prepaid in such order of stated payment dates as is determined by the City. Within a stated payment date, the Trustee shall select the Certificates or any given portion thereof to be prepaid by lot or in such other equitable manner as the Trustee determines in principal amounts of \$5,000 or integral multiples thereof. In case of any optional prepayment, at the election of the City, the City shall, at least 45 days prior to the Prepayment Date (unless a shorter notice shall be satisfactory to the Trustee), give written notice to the Trustee directing the Trustee to call Certificates for prepayment and give notice of prepayment and specifying the series, Prepayment Date, principal amount and maturities of the Certificates to be called for prepayment, the applicable Prepayment Price and the provision or provisions of this Declaration of Trust pursuant to which such Certificates are to be called for prepayment.

**Section 5.04. Partial Prepayment of Certificate.** Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of the same series and maturity, equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered.

**Section 5.05. Notice of Prepayment to Owners.** Unless otherwise provided herein, notice of prepayment shall be given by the Trustee, not less than 30 days prior to the Prepayment Date, to the City and the Owner of each Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment shall state (a) the Prepayment Date, (b) the place of prepayment, (c) the Prepayment Price, (d) if less than all, the identification number of the Certificates to be prepaid and (e) if a Certificate is being prepaid in part, the portion thereof being prepaid. Such notice shall also state that the Interest Portion of the Basic Rent represented by the Certificates designated for prepayment shall cease to accrue from and after such Prepayment Date and that on said date the Prepayment Price will become due and payable on each of said Certificates. The failure of the Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as herein provided or any defect therein shall not affect or invalidate the validity of any proceedings for the prepayment of such Certificate.

Such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to the Prepayment Date in an amount sufficient to pay the Prepayment Price on the Prepayment Date. If the notice is conditional and either the Trustee receives written notice from the City that moneys sufficient to

pay the Prepayment Price will not be on deposit on the Prepayment Date, or such moneys are not received on the Prepayment Date, then such notice shall be of no force and effect, the Trustee shall not prepay the Certificates on such Prepayment Date and the Trustee shall give notice, in the same manner in which the notice of prepayment was given, that such moneys were not or will not be so received and that such Certificates will not be prepaid on such Prepayment Date.

The Trustee is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the prepayment of any Certificate to be prepaid.

The Trustee, as long as a book-entry system is used for the Certificates, will send notices of prepayment only to the Securities Depository, as the Owner of the Certificates. Any failure of the Securities Depository to advise any of the Participants, or of any Participant or any nominee to notify any beneficial owner of the Certificates, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Certificates called for prepayment.

**Section 5.06. Effect of Prepayment.** Notice of prepayment having been duly given as aforesaid, and upon funds for payment of the Prepayment Price of such Certificates (or portions thereof) being held by the Trustee, on the Prepayment Date designated in such notice, the Certificates (or portions thereof) so called for prepayment shall become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit or security under this Declaration of Trust and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the Prepayment Price.

All Certificates prepaid pursuant to the provisions of this Article shall be canceled upon surrender thereof and destroyed by the Trustee pursuant to **Section 3.12**.

## ARTICLE VI

### DELIVERY OF CERTIFICATES; FUNDS; APPLICATION OF PROCEEDS

**Section 6.01. Establishment of Funds.** There are hereby established the following Funds:

- (a) Project Fund.
- (b) Lease Revenue Fund.
- (c) Rebate Fund.

The Funds (except the Rebate Fund) established pursuant to this Article shall be held by the Trustee in trust and for the benefit of the Certificate Owners. The money in the Funds shall be applied as hereinafter provided.

**Section 6.02. Application of Proceeds of Series 2024 Certificates.** The net proceeds of the Series 2024 Certificates (less \$\_\_\_\_\_ withheld by the Underwriter for the payment of certain Costs of Delivery of the Series 2024 Certificates) will be deposited as follows:

(a) in the Lease Revenue Fund, any accrued interest with respect to the Series 2024 Certificates; and

(b) in the Project Fund, the remaining proceeds of the Series 2024 Certificates (\$ \_\_\_\_\_) to be used in accordance with **Section 6.04**.

**Section 6.03. Application of Lease Revenues.** Lease Revenues shall be deposited, as received pursuant to the Lease, as follows:

(a) The Basic Rent shall be deposited to the Lease Revenue Fund.

(b) Prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Lease Revenue Fund.

(c) Payments of Supplemental Rent pursuant to **Section 4.02** of the Lease shall be applied as provided in **Section 4.02** of the Lease.

Subject to **Article IX**, undesignated payments of Rent that are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

**Section 6.04. Disbursements from the Project Fund.**

(a) Moneys in the Project Fund shall be used to pay for Project Costs, including Costs of Delivery. Payment shall be made from moneys in the Project Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative, which requisition certificate shall contain the statements, representations and certifications set forth in the form thereof attached as **Exhibit B** and shall be otherwise substantially in such form.

In making disbursements for Project Costs, the Trustee shall be entitled to conclusively rely upon each written requisition certificate executed as described above without inquiry or investigation. It is understood that the Trustee shall *not* make any inspections of the Project, make any provision to obtain completion bonds, mechanics' or materialmen's lien releases or otherwise supervise any phase of the acquisition, construction or installation of the Project. The receipt by the Trustee of a requisition certificate executed as described above shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Project Fund have been completed. The Trustee shall make disbursements to pay Project Costs for which any such request is made within five Business Days of the receipt of a properly executed certificate. The Trustee shall be fully protected in making the disbursements contained in the requisition certificates provided to it and shall have no obligation to confirm each funds transfer instruction received by it. The City understands that the Trustee's inability to receive or confirm funds transfer instructions, subject to and in accordance with its procedures, may result in a delay in accomplishing such funds transfer and agrees that the Trustee shall not be liable for any loss caused by any such delay.

(b) The Completion Date of the Project and the payment of all Project Costs (other than Project Costs for which sufficient amounts are retained in the Project Fund) shall be evidenced by the filing with the Trustee of the Completion Certificate pursuant to **Section 5.03** of the Lease. As soon as practicable thereafter any balance remaining in the Project Fund shall be transferred and deposited without further authorization as provided in **Section 5.03** of the Lease.

(c) In the event of the acceleration of Certificates pursuant to **Section 9.02**, any moneys then remaining in the Project Fund shall be transferred and deposited to the credit of the Lease Revenue Fund.

**Section 6.05. Application of Moneys in the Lease Revenue Fund.** Except as otherwise provided herein, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity pursuant to this Declaration of Trust).

**Section 6.06. Repayment to the City from the Lease Revenue Fund.** After payment in full of all Rent Payments through the maximum Lease Term or the earlier purchase of the Trustee's interest in the Equipment pursuant to **Section 10.01** of the Lease, all amounts remaining in the Lease Revenue Fund shall be paid to the City.

**Section 6.07. Payments Due on Days Other than Business Days.** In any case where the date of maturity of the Principal Portion or Interest Portion of Basic Rent represented by the Certificates, or premium related thereto, or the date fixed for prepayment of any Certificates shall not be a Business Day, then payment of the Principal Portion or Interest Portion of Basic Rent represented by the Certificates, or premium related thereto, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for prepayment, and no interest shall accrue for the period after such date.

**Section 6.08. Nonpresentment of Certificates.** If any Certificate is not presented for payment when due, either at maturity or otherwise, or at the date fixed for prepayment thereof, if funds sufficient to pay such Certificate have been made available to the Trustee, all liability of the Trustee and the City to the Owner thereof for the payment of such Certificate shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Certificate, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature under this Declaration of Trust or on, or with respect to, said Certificate. If any Certificate is not presented for payment within one year following the date when such Certificate becomes due, whether at maturity or otherwise, the Trustee shall repay, without liability for interest thereon, to the City the funds theretofore held by the Trustee for payment of such Certificate, and such Certificate shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

**Section 6.09. Rebate Fund.** Moneys will be deposited in and disbursed from the Rebate Fund in accordance with written instructions from the City to the Trustee, prepared in accordance with the provisions of the Tax Compliance Agreement.

## ARTICLE VII

### DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

**Section 7.01. Moneys to be Held in Trust.** All moneys deposited with or paid to the Trustee for account of the Lease Revenue Fund or the Project Fund under this Declaration of Trust shall be held



by the Trustee in trust and shall be applied only in accordance with this Declaration of Trust and the Lease and until used or applied as herein provided, shall constitute part of the Trust Estate and shall not be subject to any lien other than the lien of this Declaration of Trust. The Trustee shall not be under any liability for interest on any moneys received hereunder except as provided herein.

**Section 7.02. Investment of Moneys.** Moneys held in the Funds shall, subject to the requirements of the Tax Compliance Agreement and as hereinafter provided, be invested and reinvested by the Trustee, pursuant to written direction of the City, signed by an Authorized Representative, in Investment Securities that mature or are subject to redemption by the holder prior to the date such funds will be needed. In the absence of such instructions, the Trustee shall hold such moneys uninvested. The Trustee may conclusively rely upon the written investment direction of the City as to the suitability and legality of the directed investment and shall have no obligation to determine if the directed investment complies with the requirements of the Tax Compliance Agreement. The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments, provided that any such fees do not exceed the interest income on the investments.

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. Any such 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, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such Fund, and any loss resulting from such Investment Securities shall be charged to such Fund.

For purposes of determining the amount in any Fund, the value of any investments shall be computed at the market value thereof, exclusive of accrued interest. The Lease Revenue Fund shall be valued on June 30 of each year, after any payments required to be made on such date have been made.

The Trustee may, in making or disposing of any investment permitted by this Section, deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

## **ARTICLE VIII**

### **AMENDMENT OF THIS DECLARATION OF TRUST OR THE LEASE**

#### **Section 8.01. Amendments Permitted.**

(a) This Declaration of Trust, the Lease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at any time by an amendment or supplement hereto or thereto that the parties hereto or thereto may enter into when the written consent of the Trustee and the City, if not a party hereto or thereto, and the Owners of a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then-Outstanding shall have been filed with the Trustee. No such modification or amendment shall (1) extend the stated maturity or mandatory Prepayment Date, if any, 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 this Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto, or alter the optional

Prepayment Date of any Certificate, without the consent of the Owner of each Certificate so affected, (2) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment, or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Project Fund or the Lease Revenue Fund or deprive the Owners of the trust created by this Declaration of Trust with respect to the moneys in the Project Fund and the Lease Revenue Fund, or (3) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then-Outstanding. Promptly after the execution by the Trustee of any amendment pursuant to this subsection (a), the Trustee shall give Notice by Mail, setting forth in general terms the substance of such amendment to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to **Section 3.06**. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

(b) Notwithstanding subsection (a), this Declaration of Trust and the Lease and the rights and obligations of the City, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time and at any time by an agreement that the parties hereto or thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Trustee in this Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Trustee or the security of the Owners of the Certificates;

(2) to add to the covenants and agreements of the City in the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the City; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the security of the Owners of the Certificates;

(3) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Declaration of Trust or the Lease, or in regard to matters or questions arising under this Declaration of Trust or the Lease as the Trustee and the City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City or the Trustee and that shall not materially adversely affect the security of the Owners of the Certificates;

(4) to modify, amend or supplement this Declaration of Trust in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and that shall not materially adversely affect the security of the Owners of the Certificates;

(5) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation;

(6) to provide for the execution and delivery of Additional Certificates; or

(7) to make any other change that, in the sole judgment of the Trustee, does not have a materially adverse effect on the security of the Certificate Owners.

**Section 8.02. Effect of Amendments.** Upon the execution of any amendments hereto, pursuant to this **Article VIII**, this Declaration of Trust shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Declaration of Trust of the Trustee and all Owners of Certificates Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such amendment shall be deemed to be part of the terms and conditions of this Declaration of Trust for any and all purposes.

**Section 8.03. Endorsement of Certificates; Preparation of New Certificates.** Certificates delivered after the execution of any amendment pursuant to this **Article VIII** may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form determined by the Trustee as to any modification or amendment provided for in such amendment. In that case, upon presentation of a Certificate for such purpose at the designated corporate trust office of the Trustee, a suitable notation shall be made on such Certificate. If the amendment shall so provide, new Certificates so modified as to conform, in the opinion of the Trustee, to any modification or amendment contained in such amendment, shall be prepared and executed by the Trustee, and upon demand of the Owners of any Certificates then-Outstanding shall be exchanged at the designated corporate trust office of the Trustee, without cost to any Certificate Owner, for Certificates then-Outstanding, upon surrender for cancellation of such Certificates in equal aggregate principal amounts of the same maturity, interest rate and tenor.

**Section 8.04. Amendment of Particular Certificates.** The provisions of this Article shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

**Section 8.05. Opinion of Counsel.** Anything to the contrary in this **Article VIII** notwithstanding, before the Trustee or the City consents to any modification or amendment of this Declaration of Trust or the Lease, there shall be delivered to the Trustee an Opinion of Counsel to the effect that such amendment (1) is permitted by this Declaration of Trust and the instrument modified or amended (if other than this Declaration of Trust), (2) complies with their terms, (3) will, upon execution and delivery thereof, be valid and binding upon the City in accordance with the terms of the instrument modified or amended, and (4) will not adversely affect the exemption from federal income taxation of the Interest Portion of Basic Rent Payments represented by any tax-exempt Certificates then-Outstanding. In any instance in which the Trustee may be required to determine that a modification or amendment will not materially adversely affect the interest of the Owners of the Certificates, prior to consenting to such modification or amendment, the Trustee shall be entitled to require that there be delivered to it an Opinion of Counsel to the effect that no such materially adverse effect would result from such modification or amendment. The Trustee shall be fully protected and shall incur no liability in relying upon such Opinion of Counsel in making such determination. The Trustee may, but shall not be obligated to, enter into any such Supplemental Declaration of Trust or Supplemental Lease which affects the Trustee's own rights, duties or immunities under this Declaration of Trust or the Lease or otherwise.

## ARTICLE IX

### DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS OF CERTIFICATES

**Section 9.01. Defaults.** The occurrence of any of the following events, subject to the provisions of **Section 9.09**, is hereby defined as an “Event of Default:”

- (a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the Prepayment Date set therefor in accordance with the terms hereof; or
- (c) Any Event of Lease Default.

**Section 9.02. Acceleration.** Upon the occurrence of an Event of Default, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent represented by the Certificates Outstanding to the end of the then-current Fiscal Year immediately due and payable.

**Section 9.03. Other Remedies Upon an Event of Default.** Upon the occurrence of an Event of Lease Default or Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage all or any portion of the Equipment and apply the net proceeds thereof in accordance with **Section 9.05** and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of this Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Certificate Owners hereunder or now or hereafter existing at law or in equity or by statute.

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

No waiver of any default hereunder whether by the Trustee or by the Certificate Owners shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

**Section 9.04. Rights of Certificate Owners.** If an Event of Default or Event of Nonappropriation has occurred and is continuing and if instructed to do so by a Directive and if indemnified as provided in **Section 9.07** and **Section 11.03**, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners; provided that such Directive shall not be otherwise than in accordance with the provisions of law and of this Declaration of Trust, and provided further that the Trustee shall have the right to decline to follow any such Directive if the Trustee in good faith shall determine that the proceedings so directed would involve it in personal liability.

Any other provision herein to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then-Outstanding shall have the right, at any time, by a Directive, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of this Declaration of Trust, or for the appointment of a receiver or any other proceedings hereunder; provided that such Directive shall not be otherwise than in accordance with the provisions of law and of this Declaration of Trust, and provided, further, that the Trustee has been indemnified as provided in **Sections 9.07** and **11.03** and shall have the right to decline to follow any such Directive if the Trustee in good faith shall determine that the proceedings so directed would involve it in personal liability.

**Section 9.05. Application of Moneys.** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including, without limitation, attorneys' fees and expenses), be deposited into the Lease Revenue Fund and all moneys in the Lease Revenue Fund shall be applied as follows:

(a) Unless the Principal Portions of Basic Rent 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 Portions of Basic Rent 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 Portions of Basic Rent represented by any Certificates that have become due and payable (other than Principal Portions of Basic Rent represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of this Declaration of Trust) in the order of such due dates, with interest from the respective dates upon which they became due and payable and, if the amount available shall not be sufficient to pay in full the Principal Portions of Basic Rent 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 except as to any difference in the respective rates of interest specified respecting the Certificates.

(b) If the Principal Portions of Basic Rent represented by all the Certificates have become due or have been declared due and payable, all such moneys shall be applied to the payment of the Principal Portions and the Interest Portions of the Basic Rent then due and unpaid upon the Certificates without preference or priority of principal over 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 except as to any difference in the respective rates of interest specified respecting the Certificates.

(c) If the Principal Portions of Basic Rent represented by all the Certificates have been declared due and payable and if such declaration shall thereafter be rescinded and annulled under the provisions of this Article then subject to the provisions of paragraph (b) of this Section

in the event that the Principal Portions of Basic Rent represented by all the Certificates shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

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

Whenever the Principal Portion and the Interest Portion of all Certificates have been paid under the provisions of this Section and all fees, expenses and charges of the Trustee (including, without limitation, attorneys' fees and expenses) have been paid, any balance remaining in the Lease Revenue Fund shall be paid to the City.

**Section 9.06. Remedies Vested in Trustee.** All remedies and rights of action (including the right to file proof of claims) under this Declaration of Trust 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 and any such suit or proceedings instituted by the Trustee shall be brought in its name as the 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.

**Section 9.07. Rights and Remedies of Certificate Owners.** No Owner of any Certificates shall have any right to institute any suit, action or proceedings in equity or at law for the enforcement of the Lease or this Declaration of Trust, 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 have given a Directive to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceedings 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 hereinbefore granted or to institute such action, suit or proceedings in its, his, her or their name or names. Such notification, request and indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of this Declaration of Trust and to any action or cause of action for the enforcement of this Declaration of Trust 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 this Declaration of Trust by its, his, her or their action or to enforce any right or remedy hereunder except in the manner herein provided and all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Certificates then-Outstanding. Nothing in this Declaration of Trust contained shall, however, affect or impair the right of any Certificate Owner to enforce the payment of the Principal Portion and the Interest Portion of the Basic Rent represented by any Certificate at and after the maturity or earlier prepayment thereof.

**Section 9.08. Termination of Proceedings.** If the Trustee shall have proceeded to enforce any right or remedy under the Lease or this Declaration of Trust by the appointment of a receiver, by entry or otherwise and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case, the City, the Owners and the Trustee shall be restored to their former respective positions and rights thereunder and hereunder and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**Section 9.09. Waivers of Defaults.** The Trustee shall waive any Event of Default and its consequences and rescind any declaration of acceleration of principal 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 Portion of Basic Rent 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 (1) any Event of Default respecting the payment of the Principal Portion of Basic Rent represented by any Certificate at its maturity date, or (2) any Event of Default respecting the payment of the Interest Portion of Basic Rent represented by any Certificate, unless prior to such waiver or rescission, all arrears of principal and interest, as the case may be, and all fees, charges and expenses of the Trustee in connection with such default (including, without limitation, attorneys' fees and expenses) shall have been paid or provided for and, in case any such waiver or rescission or in case any proceedings taken by the Trustee on account of any such default have been discontinued or abandoned or determined adversely, then and in every such case the Trustee, the City and the Certificate Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 9.10. Notices of Defaults.** Within 30 days after the occurrence of any Event of Default hereunder of which the Trustee is required to take notice or if notice of default has been given as provided in **Section 11.01(f)**, the Trustee shall give written notice thereof to the City and Notice by Mail to the Owners of all Certificates then-Outstanding (unless such default has been cured or waived; provided, however, that, except in the case of a default in the payment of the Principal Portion or Interest Portion of Basic Rent Payments represented thereby, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of such Owners).

## ARTICLE X

### DEFEASANCE

#### **Section 10.01. Discharge of Declaration of Trust.**

(a) When (1) the obligations of the City under the Lease have been satisfied in connection with the exercise by the City of its option to purchase the Equipment in accordance with **Article X** of the Lease by the irrevocable deposit in escrow of moneys or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both moneys and such Government Obligations, and (2) the City has delivered to the Trustee (A) an Opinion of Counsel to the effect that the conditions for such discharge contained herein and in **Section 10.02** have been satisfied or irrevocably provided for and (B) if sufficiency of the deposited moneys and Government Obligations is dependent upon investment earnings, an accountant's certificate verifying the sufficiency of such moneys or Government Obligations

or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates and (3) the City has deposited sufficient moneys to pay the fees, charges and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by this Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as herein set forth; provided, however, that all provisions hereof relating to the compensation or indemnification of the Trustee shall survive the satisfaction and discharge of this Declaration of Trust.

(b) After all amounts owing to the Certificate Owners have been paid hereunder and under the Lease and all fees, expenses and charges of the Trustee have been paid (including, without limitation, attorneys' fees and expenses), the Trustee shall turn over to the City any surplus in the Lease Revenue Fund and all balances remaining in any other Funds other than moneys and Government Obligations held for the payment of the Certificates at maturity or on prepayment, which moneys and Government Obligations shall continue to be held by the Trustee in trust for the benefit of the Certificate Owners and shall be applied by the Trustee to the payment, when due, of the Principal Portions and any premium and Interest Portions of Basic Rent represented by the Certificates.

**Section 10.02. Deposit of Moneys or Securities.** If moneys or Government Obligations as hereinabove provided are deposited with and held by the Trustee or other bank or trust company, the Trustee or other bank or trust company shall, within 30 days after such moneys or Government Obligations have been deposited with it, give Notice by Mail to the Owners at the addresses listed on the registration books kept by the Registrar pursuant to **Section 3.06**, setting forth (a) the maturity date or Prepayment Date, as the case may be, of the Certificates, (b) a description of the moneys and/or Government Obligations so held by it, and (c) that this Declaration of Trust has been released in accordance with the provisions of this Section. Whenever in this Declaration of Trust or the Lease it is provided or permitted that there be deposited with or held in trust by the Trustee or other bank or trust company moneys or Government Obligations in the necessary amount to pay or prepay any Certificates, the moneys or Government Obligations to be deposited or held may include moneys or Government Obligations held by the Trustee in the Funds established pursuant to this Declaration of Trust (exclusive of the Project Fund and the Rebate Fund), the principal of and interest on which when due, together with any moneys held by the Trustee or other bank or trust company for such purpose, will provide moneys sufficient to pay the Principal Portions and Interest Portions of the Basic Rent represented by the Certificates as the same becomes due, except that, in the case of Certificates that are to be prepaid prior to maturity and in respect of which irrevocable notice of such prepayment has been given as in **Article V** provided or irrevocable provision satisfactory to the Trustee has been made for the giving of such notice, the amount to be deposited or held shall be the Prepayment Price with respect to such Certificates and all unpaid interest to the Prepayment Date.

## ARTICLE XI

### THE TRUSTEE

#### **Section 11.01. Duties, Immunities and Liabilities of Trustee.**

(a) The Trustee shall, prior to an Event of Default or Event of Nonappropriation, and after the curing of all Events of Default or Events of Nonappropriation that may have occurred, perform only such duties as are specifically set forth in this Declaration of Trust. The Trustee will have no implied



duties. The permissive right or power to take any action may not be construed as a duty to take action under any circumstances, and the Trustee will not be liable except in the event of its negligence or willful misconduct. The Trustee shall, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by this Declaration of Trust and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee will not be obligated to risk its own funds in the administration of the Trust Estate. Notwithstanding any provision herein to the contrary, the Trustee need not take any action under this Declaration of Trust that may involve it in any expense or liability until indemnified to its satisfaction for any expense or liability, including liability related to environmental contamination, it reasonably believes it may incur.

(c) The Trustee is not responsible for any recitals contained in this Declaration of Trust or in the Certificates, or for the recording, filing, rerecording or refileing of this Declaration of Trust or security agreements (excluding the continuation of Uniform Commercial Code financing statements) in connection therewith, or for insuring the Equipment, or for collecting any insurance money or for the sufficiency of the security for the Certificates. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Declaration of Trust or of the Certificates. The Trustee shall not be accountable for the use or application by the City of any of the Certificates or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Declaration of Trust or the Lease.

(d) The Trustee will not be required to give any bond or surety or report to any court despite any statute, custom or rule to the contrary.

(e) The Trustee may execute any of the duties under this Declaration of Trust by or through agents, attorneys, trustees or receivers, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, trustee or receiver appointed with due care by it hereunder.

(f) The Trustee will not be required to take notice or be deemed to have notice of any default, Event of Default or other fact or event under this Declaration of Trust other than the City's failure to pay Basic Rent Payments required by **Section 4.01** of the Lease, unless the Trustee is specifically notified in writing of the default, Event of Default or other fact or event by the City or the Owners of not less than 25% of the unpaid Principal Portion of Basic Rent Payments represented by the Certificates then-Outstanding.

(g) The Trustee may consult legal counsel, may conclusively rely on the opinion or advice of such legal counsel and will not be liable for any act or omission taken or suffered pursuant to the opinion or advice of such counsel. The fees and expenses of the counsel will be deemed to be a proper expense of the Trustee.

(h) Unless specifically required by the terms of this Declaration of Trust, the Trustee need not take notice of or enforce any other document or relationship, including any contract, settlement, arrangement, plan, assignment, pledge, release, decree or the like, other than the Lease, but its duties will be solely as set out in this Declaration of Trust.

(i) The Trustee may be removed at any time by written direction of an Authorized Representative (provided that no Event of Default or Event of Nonappropriation has occurred and is continuing) or by a Directive or shall resign at any time the Trustee shall cease to be eligible in

accordance with subsection (l) of this Section, or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the property or affairs of the Trustee for the purpose of rehabilitation, conservation or liquidation, and thereupon a successor Trustee shall be appointed by written direction of an Authorized Representative (provided that no Event of Default or Event of Nonappropriation has occurred and is continuing) or by a Directive. Written notice of any removal or resignation pursuant to this subsection (i) shall be given to the City and the Owners.

(j) The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee pursuant to **Section 3.06**. Upon receiving such notice of resignation, a successor Trustee shall be appointed by written direction of an Authorized Representative (provided that no Event of Default or Event of Nonappropriation has occurred and is continuing) or by a Directive.

(k) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and has accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Certificate Owner (on behalf of himself and all other Certificate Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Declaration of Trust shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee held by it as security for the Certificates, including its interest in the Lease, with like effect as if originally named the Trustee herein and the duties and obligations of the predecessor Trustee hereunder shall thereafter cease and terminate; but, nevertheless at the request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Declaration of Trust and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall cause Notice by Mail of such acceptance to be given to the Owners at the addresses listed on the registration books kept by the Registrar pursuant to **Section 3.06**.

(l) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a state or national trust company, association or bank having the powers of a trust company and being duly authorized to execute trust powers, in good standing in the State, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision and examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of

this subsection (l), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(m) The Trustee may elect not to proceed in accordance with the directions of the Owners of the Certificates without incurring any liability to the Certificate Owners if in the opinion of the Trustee such direction may result in environmental or other liability to the Trustee, in its individual capacity, for which the Trustee has not received indemnity from the Certificate Owners, and the Trustee may rely upon an Opinion of Counsel addressed to the Trustee in determining whether any action directed by Certificate Owners may result in such liability.

(n) The Trustee may inform the Certificate Owners of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event no fiduciary duty exists that imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not received indemnity pursuant to this Declaration of Trust.

(o) Notwithstanding any other provision of this Declaration of Trust to the contrary, any provision intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee shall be interpreted to include any action of the Trustee whether it is deemed to be in its capacity as Trustee, Registrar or paying agent.

(p) The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with **Section 7.02**, except for its own negligence or willful misconduct.

(q) The Trustee shall not be responsible for the use of any Certificates executed and delivered hereunder.

(r) The Trustee shall have the right, but shall not be required, to demand, in respect of the execution of any Certificate, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Declaration of Trust, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee as are deemed desirable for the purpose of establishing the right of the City to any such action.

(s) The Trustee may become the owner of Certificates with the same rights it would have if it were not the Trustee, and, to the extent permitted by law, may act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Certificate Owners, whether or not such committee will represent the Owners of a majority in principal amount of the Certificates then-Outstanding.

(t) Provided copies of original financing statements, if any, are timely delivered to the Trustee, the Trustee shall cause to be filed continuation statements to the financing statements under the Uniform Commercial Code of the State, with the appropriate filing office of the State, in such manner as may be required by the Uniform Commercial Code of the State. The City shall be responsible for the reasonable fees and costs, including fees and costs of counsel or other experts, incurred by the Trustee in the preparation and filing of all continuation statements hereunder. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial, amendment or other filings of any financing statements or the information contained therein (including the exhibits thereto), the

perfection of any such security interests, the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings or any amendments or other changes that may be required by Article 9 of the Uniform Commercial Code of the State. The Trustee shall be fully protected in relying on information with respect to such initial filings delivered to it by or on behalf of the City.

(u) The Trustee agrees to accept and act upon instructions or directions pursuant to this Declaration of Trust sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(v) The Trustee may establish such funds, accounts and subaccounts as it deems appropriate for carrying out its duties under this Declaration of Trust.

(w) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, pandemics, epidemics, recognized public emergencies, quarantine restrictions, hacking or cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access, or loss or malfunctions of, or interruptions to, utilities, communications or computer (software and hardware) services unless caused by the Trustee's negligence or willful misconduct; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

**Section 11.02. Merger or Consolidation.** Any entity into which the Trustee may be merged or converted or with which it may be consolidated or any entity resulting from any merger, conversion or consolidation to which it shall be a party or any entity to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such entity shall be eligible under **Section 11.01(l)** shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 11.03. Liability of Trustee; Indemnity.** The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

Notwithstanding anything elsewhere in this Declaration of Trust or the Lease contained, before taking any action under this Declaration of Trust (except with respect to acceleration of the Certificates and payment of the Certificates upon such acceleration or any payments of the Certificates when due), the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable fees, costs and expenses (including, without limitation, attorneys' fees and expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, including,

without limitation, liability in connection with environmental contamination, and the cleanup thereof, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

**Section 11.04. Right of Trustee to Rely on Documents.** The Trustee shall be protected in acting upon any notice, ordinance, resolution, request, consent, order, certificate, report, opinion, Directive or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Any action taken by the Trustee pursuant to and in accordance with this Declaration of Trust upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates issued in exchange therefor or upon transfer or in place thereof. The Trustee may consult with counsel, who may be counsel of or to the City, with regard to legal questions or the interpretation of the provisions hereof, and the opinion or advice of such counsel may be conclusively relied upon by the Trustee and shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance therewith. The fees and expenses of such counsel will be deemed to be a proper expense of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Declaration of Trust the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, omitting or suffering any action hereunder, such matter (unless other evidence in respect thereof is herein specifically prescribed) may be deemed to be conclusively proved and established by a written statement signed by an Authorized Representative, and such statement shall be full warrant to the Trustee for any action taken, omitted or suffered in good faith under the provisions of this Declaration of Trust in reliance upon such statement, and, prior to the occurrence of a default of which the Trustee has been notified as provided in **Section 11.01(f)** or of which by said section it is deemed to have notice, the Trustee will also be at liberty to accept a similar statement to the effect that any particular dealing, transaction or action is necessary or expedient, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

**Section 11.05. Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Declaration of Trust shall be retained in its possession until six months after payment in full of all Certificates and discharge of this Declaration of Trust and shall be subject at all reasonable times to the inspection of the City and any Certificate Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**Section 11.06. Compensation of the Trustee.** The City shall, from time to time, upon the written request of the Trustee, (a) pay to the Trustee reasonable compensation for its services as set forth in **Section 4.07** of the Lease (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and (b) reimburse the Trustee for all reasonable advances, fees, costs and expenses, including but not limited to, advances to and reasonable fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by it in the exercise and performance of its powers and duties hereunder. Said compensation is to be paid as Supplemental Rent pursuant to the Lease. The Trustee will have a first lien against the Trust Estate for its reasonable costs, fees, expenses and advances hereunder. In every instance in which this Declaration of Trust or the Lease provides for compensation, reimbursement or indemnification of the Trustee, such provision shall be deemed to provide for, whether or not expressly so stated, the payment of all related fees, costs, charges, advances and expenses of the Trustee (including, without limitation, attorneys' fees and expenses), unless the context shall clearly indicate otherwise.

## ARTICLE XII

### MISCELLANEOUS

**Section 12.01. Survival of Provisions.** The obligations of the Trustee with respect to matters arising before the termination of this Declaration of Trust shall survive the termination of this Declaration of Trust.

**Section 12.02. No Third-Party Beneficiaries.** No persons other than the City, the Trustee, the Owners of Certificates and the successors and assigns of such persons, shall have any rights whatsoever under this Declaration of Trust.

**Section 12.03. Notices.** It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Declaration of Trust or the Lease to be given or filed with the Trustee, the City or the Certificate Owners if the same is duly mailed by registered or certified mail with postage prepaid (except as indicated in (a) below) addressed as follows:

(a) To the Owners of the Certificates if the same is duly mailed by first-class mail, postage prepaid, addressed to each of the Owners of Certificates at the time Outstanding at his address as shown by the register maintained pursuant to **Section 3.06**.

(b) If to the City:                   City of University City, Missouri  
6801 Delmar Boulevard  
University City, Missouri 63130  
Attn: City Manager

(c) If to the Trustee:               UMB Bank, N.A.  
2 South Broadway, 6th Floor  
St. Louis, Missouri 63102  
Attn: Corporate Trust Department

A duplicate copy of each notice, certificate or other communication given hereunder, or pursuant to the Lease, to any of the parties mentioned in this Section shall be given to all other parties mentioned in this Section, including the Owners of the Certificates if a copy is required to be furnished to them by other provisions of this Declaration of Trust. The Trustee or the City may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent to it. Notice to the Trustee shall be effective only upon receipt.

#### **Section 12.04. Waiver of Personal Liability.**

(a) All obligations or liabilities under this Declaration of Trust on the part of the Trustee are solely obligations or liabilities of the Trustee in its capacity hereunder as a corporate trustee of the Trust Estate. To the extent permitted by law, the City hereby releases each and every director, officer, agent, attorney and employee of the Trustee from any personal or individual liability under this Declaration of Trust. No director, officer, agent, attorney or employee of the Trustee will at any time or under any circumstances be individually or personally liable under this Declaration of Trust for anything done or omitted to be done by the Trustee hereunder.

(b) All obligations or liabilities under this Declaration of Trust on the part of the City are solely obligations or liabilities of the City as a political subdivision. To the extent permitted by law, the Trustee hereby releases each and every official, member, employee and agent of the City from any personal or individual liability under this Declaration of Trust. No official, member, employee or agent of the City will at any time or under any circumstances be individually or personally liable under this Declaration of Trust for anything done or omitted to be done by the City hereunder.

**Section 12.05. Electronic Transaction.** The transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12.06. Declaration of Trust Binding Upon Trustee and Successors.** This Declaration of Trust will inure to the benefit of and will be binding upon the Trustee and its successors and assigns, subject to the limitations contained herein.

**Section 12.07. Anti-Discrimination Against Israel Act.** Pursuant to Section 34.600 of the Revised Statutes of Missouri, the Trustee certifies it is not currently engaged in and shall not, for the duration of this Declaration of Trust, engage in a boycott of goods or services from (a) the State of Israel, (b) companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or (c) persons or entities doing business in the State of Israel.

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, the Trustee has caused this Declaration of Trust to be executed by its duly authorized signatory, all as of the day and year indicated above.

**UMB BANK, N.A.,  
as Trustee**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A**

**TO DECLARATION OF TRUST**

**FORM OF CERTIFICATE OF PARTICIPATION**

**EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OF TRUST (AS DEFINED HEREIN), THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED IN THE DECLARATION OF TRUST) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.**

**UNITED STATES OF AMERICA  
STATE OF MISSOURI**

No. \_\_\_\_\_

\$ \_\_\_\_\_

**CERTIFICATE OF PARTICIPATION  
(CITY OF UNIVERSITY CITY, MISSOURI, LESSEE)  
SERIES 2024**

<u>Interest Rate</u>	<u>Payment Date</u>	<u>Certificate Date</u>	<u>CUSIP</u>
_____%	April 1, 20__	June 25, 2024	_____

**Registered Owner:** CEDE & CO.

**Principal Sum:** \_\_\_\_\_

**THIS IS TO CERTIFY** that the Registered Owner identified above of this Certificate of Participation (this “Certificate”) is the owner of the proportionate interest hereinafter stated in that certain Lease Purchase Agreement dated as of June 1, 2024 (the “Lease”), between UMB Bank, N.A., a national banking association organized under the laws of the United States of America (the “Trustee”), and the City of University City, Missouri, a Missouri home-rule charter city (the “City”), including payments of basic rent to be made thereunder (the “Basic Rent Payments”). The City is authorized to enter into the Lease pursuant to applicable laws, including the constitution and statutes of the State of Missouri and an ordinance of the City. This Certificate is subject to the Declaration of Trust, dated as of June 1, 2024, by the Trustee, as amended or supplemented from time to time (the “Declaration of Trust”), which is on file at the designated corporate trust office of the Trustee located in St. Louis, Missouri. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Declaration of Trust.

**THE REGISTERED OWNER** of this Certificate is entitled to receive, subject to the terms of the Lease and the Declaration of Trust, on the payment date specified above (the “Certificate Payment Date”), or if selected for prepayment, on the Prepayment Date, the principal sum specified above, representing a portion of the Basic Rent Payment designated as principal coming due on the Certificate

Payment Date, and to receive the Registered Owner's proportionate share of the Basic Rent Payments designated as interest on April 1 and October 1, commencing on April 1, 2025\*, to and including the Certificate Payment Date or the Prepayment Date, whichever is earlier. Said proportionate share of the Basic Rent Payments designated as interest is computed on the principal sum specified above from the certificate date specified above, or the most recent date to which such interest has been paid, at the interest rate specified above on the basis of a 360-day year of twelve 30-day months.

**SAID AMOUNTS** are payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. The amounts representing principal and prepayment premium, if any, are payable by check or draft upon the presentation and surrender of this Certificate at the designated corporate trust office of the Registrar, and the amounts representing interest are payable to the person in whose name this Certificate is registered in the register maintained by the Registrar at the close of business on the 15th day (whether or not a Business Day) of the calendar month preceding the applicable interest payment date (the "Record Date") by check or draft mailed to said Registered Owner at his address as it appears in said register or by electronic transfer to such Registered Owner upon written notice given to the Registrar by such Registered Owner not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name of the bank, the bank's ABA routing number, the account number to which such Registered Owner wishes to have such transfer directed, and an acknowledgement that an electronic transfer fee may be applicable.

**BASIC RENT PAYMENTS** are payable solely from Available Revenues which include, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent under the Lease, amounts budgeted or appropriated out of the income and revenue of the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year and all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

NEITHER THE BASIC RENT PAYMENTS NOR ANY OTHER AMOUNTS DUE UNDER THE LEASE CONSTITUTE A DEBT, A GENERAL OBLIGATION OR, EXCEPT FROM AVAILABLE REVENUES, A LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION. THE CITY SHALL NOT BE OBLIGATED TO PAY THE SAME EXCEPT FROM AVAILABLE REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE BASIC RENT PAYMENTS OR ANY OTHER AMOUNTS DUE UNDER THE LEASE. THE REGISTERED OWNER SHALL NOT HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE TAXING POWER OF THE CITY FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST UNDER THE LEASE REPRESENTED BY THIS CERTIFICATE OR THE MAKING OF ANY OTHER PAYMENTS PROVIDED FOR IN THE LEASE.

This Certificate is one of a duly authorized series of certificates of participation designated "Certificates of Participation (City of University City, Missouri, Lessee), Series 2024," (the "Series 2024 Certificates") delivered for the purpose of providing funds to pay the costs of (i) acquiring, constructing, reconstructing, remodeling, equipping, furnishing and otherwise improving the City's Annex Building and Trinity Building (a portion of which constitutes the "Equipment") and (ii) executing and delivering the Series 2024 Certificates. The Series 2024 Certificates have been executed by the Trustee pursuant to and are governed by the terms of the Declaration of Trust. Copies of the Lease and the Declaration of Trust are on file at the administrative offices of the City and at the designated corporate trust office of the Trustee, and reference to the Lease and the Declaration of Trust and any and all amendments and supplements thereto is made for a description of the pledges and covenants of the City securing the Basic

Rent Payments, the nature, extent and manner of enforcement of such pledges and covenants and the rights, terms and conditions upon which the Series 2024 Certificates are delivered thereunder.

The Declaration of Trust permits certain amendments or supplements to the Declaration of Trust and the Lease not materially adverse to the security of the Owners to be made without the consent of or notice to the Owners, certain other amendments or supplements thereto to be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Certificates then-Outstanding and other amendments or supplements thereto to be made only with the consent of all Owners.

If certain conditions are met, the Lease may be amended without the consent of or notice to the Certificate Owners to increase the amount of Basic Rent payable by the City, and additional certificates of participation evidencing interests in such increased Basic Rent may be executed and delivered under the Declaration of Trust (“Additional Certificates”). Such Additional Certificates would be on a parity with the Series 2024 Certificates.

The Series 2024 Certificates maturing on April 1, 20\_\_ and thereafter are subject to optional prepayment, as a whole or in part, on April 1, 20\_\_ or any date thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2024 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the City upon the exercise of its option to purchase the Trustee’s interest in the Equipment or to partially prepay Basic Rent Payments pursuant to the terms of the Lease.

The Series 2024 Certificates are subject to optional prepayment on any date prior to their respective stated maturities, as a whole (but not in part), at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Equipment, or if as a result of changes in the constitution of the State of Missouri or legislative or administrative action by the State of Missouri or the United States, the Lease or the Declaration of Trust becomes unenforceable and the City purchases the Trustee’s interest in the Equipment pursuant to the Lease.

[\*The Series 2024 Certificates maturing on April 1, 2044\* and April 1, 2049\* are subject to mandatory prepayment at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2024 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date.\*]

If any of the Certificates are to be prepaid, notice thereof identifying the Certificates to be prepaid will be given by first-class mail, postage prepaid, mailed not less than 30 days prior to the Prepayment Date to each Registered Owner of Certificates to be prepaid. The failure of the Registered Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as provided in the Declaration of Trust shall not affect or invalidate the prepayment of such Certificate. All Certificates for which notice of prepayment is given shall cease to bear interest on the specified Prepayment Date, provided moneys or certain securities for their prepayment are on deposit at the place of payment at that time, shall cease to be entitled to any benefit or security under the Declaration of Trust and shall no longer be deemed to be Outstanding under the Declaration of Trust.

This Certificate is transferable upon the Certificate register, which shall be kept for that purpose at the designated corporate trust office of the Trustee, upon surrender and cancellation of this Certificate together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or his, her or its duly authorized attorney and upon payment of the charges provided in the

Declaration of Trust. Upon such transfer a new fully-registered Certificate or Certificates of the same maturity and aggregate principal amount will be issued to the transferee. The Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Trustee shall not be affected by any notice to the contrary.

The Certificates are being delivered by means of a book-entry system with no physical distribution of Certificates to be made except as provided in the Declaration of Trust. One Certificate with respect to each Certificate Payment Date, registered in the nominee name of the Securities Depository, is being delivered. The book-entry system will evidence positions held in the Certificates by the Securities Depository's Participants, beneficial ownership of the Certificates in authorized denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Trustee will recognize the Securities Depository nominee, while the Registered Owner of this Certificate, as the Owner of this Certificate for all purposes, including (i) payments of the Principal Portion and Interest Portion of Basic Rent, (ii) notices and (iii) voting. Transfers of the Principal Portion and Interest Portion of Basic Rent to Participants of the Securities Depository will be the responsibility of the Securities Depository, and transfers of the Principal Portion and Interest Portion of Basic Rent to beneficial owners of the Certificates by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such beneficial owners. The Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the Owner of this Certificate, notwithstanding the provision hereinabove contained, payments on this Certificate shall be made in accordance with existing arrangements among the City, the Trustee and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OF TRUST, THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

The Certificates may be delivered in the form of fully-registered Certificates in the denomination of \$5,000 or any integral multiple thereof, subject to certain limitations and as otherwise provided in the Declaration of Trust. The Certificates, upon surrender thereof at the designated corporate trust office of the Trustee with a written request for exchange satisfactory to the Trustee duly executed by the Registered Owner or his, her or its duly authorized attorney in writing, may be exchanged for an equal aggregate principal amount of fully-registered Certificates of any authorized denomination of the same maturity. No service charge shall be made for any transfer or exchange of Certificates, but the Trustee may require payment of any tax or governmental charge in connection therewith.

**THE TRUSTEE** has no obligation or liability to the Registered Owners of the Certificates to make payments of principal or interest with respect to the Certificates. The Trustee's sole obligations are to administer, for the benefit of the Registered Owners thereof, the various funds and accounts established under the Declaration of Trust.

**THE CITY** has certified, recited and declared that all acts, conditions and things required by the constitution and statutes of the State of Missouri and the Lease to exist, to have happened and to have been performed precedent to the delivery of the Lease, exist, have happened and have been performed in due time, form and manner as required by law.

**IN WITNESS WHEREOF**, the Trustee has caused this Certificate to be executed by an authorized signatory as of the date set forth above.

**UMB BANK, N.A.,**  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

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**ASSIGNMENT**

**FOR VALUE RECEIVED** the undersigned hereby sells, assigns and transfers unto

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Please Print or Typewrite Name, Address and  
Taxpayer Identification Number or Social Security Number of Transferee

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ agent to transfer the within Certificate on the register kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Certificate in every particular.

Medallion Signature Guarantee:

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**EXHIBIT B**

**TO DECLARATION OF TRUST**

**FORM OF REQUISITION CERTIFICATE  
FOR PROJECT COSTS**

**Request No.** \_\_\_\_\_

**Date:** \_\_\_\_\_

**WRITTEN REQUEST FOR DISBURSEMENT FROM  
CITY OF UNIVERSITY CITY, MISSOURI  
PROJECT FUND**

To: UMB Bank, N.A.  
2 South Broadway, 6th Floor  
St. Louis, Missouri 63102  
Attn: Corporate Trust Department

Ladies and Gentlemen:

Pursuant to **Section 5.02** of the Lease Purchase Agreement dated as of June 1, 2024 (the “Lease”), between UMB Bank, N.A. (the “Trustee”) and the City of University City, Missouri (the “City”), and **Section 6.04** of the Declaration of Trust dated as of June 1, 2024 (the “Declaration of Trust”), the City hereby requests payment in accordance with this request and said sections of the Lease and the Declaration of Trust. *All capitalized terms used in this request have the meanings assigned in the Lease and the Declaration of Trust.*

The City hereby states and certifies that:

a. The names of the persons, firms or corporations, if any, to whom the payments requested hereby are due and the amounts to be paid are as set forth on **Attachment I** hereto.

b. The amount hereby requested has been paid or is justly due and is hereby requested to be paid to contractors, subcontractors, materialmen, engineers, architects or other persons (which may include the City) (whose names and addresses are stated on **Attachment I** hereto) who have performed necessary and appropriate work or furnished necessary and appropriate materials in the acquisition, construction and installation of the Project (a brief description of such work and materials and the amounts so paid or due being set forth on **Attachment I** hereto).

c. No part of the amounts paid or due, as stated in this certificate, has been, is being or will be made the basis for the withdrawal of any moneys in any previous, pending or subsequently filed certificate.

d. The amount remaining to be paid from the Project Fund to pay the remaining Project Costs to be paid from the Series 2024 Certificates, together with other moneys set aside by the City to pay Project Costs, after payment of the amounts requested, will be sufficient to pay the cost of completing the acquisition, construction and installation of the Project in accordance with an estimate of cost of work not

yet completed, it being understood that no moneys in the Project Fund may be disbursed to pay Project Costs unless after such expenditure the remaining moneys in the Project Fund, together with any other funds available and committed by the City, are sufficient to pay such remaining Project Costs to be paid from the Series 2024 Certificates.

e. This certificate contains no request for payment on account of any retained percentage which the City is at the date of such certificate entitled to retain.

f. There has not been filed with or served upon the City any notice of any lien, right to a lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the respective amounts stated in said certificate which has not been released or will not be released simultaneously with the payment of such obligation.

g. Invoices, statements, vouchers or bills for the amounts requested and lien waivers for all services or materials furnished by subcontractors, except as to any retainage, related to amounts specified in this certificate are attached hereto or are on file with the City.

h. With respect to this disbursement, the City (a) certifies it has reviewed any wire instructions set forth herein to confirm such wire instructions are accurate, and (b) agrees it will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with such wire instructions.

Pursuant to **Section 5.02** of the Lease and **Section 6.04** of the Declaration of Trust, the City hereby states and certifies that (a) each of the City's representations contained in the Lease is true, correct and not misleading as though made as of the date hereof, and (b) no event exists that constitutes, or with the giving of notice or the passage of time or both would constitute, an Event of Default.

**CITY OF UNIVERSITY CITY, MISSOURI**

By: \_\_\_\_\_  
Authorized Representative



**ATTACHMENT I  
TO WRITTEN REQUEST FOR DISBURSEMENT FROM  
CITY OF UNIVERSITY CITY, MISSOURI  
PROJECT FUND**

**SCHEDULE OF PAYMENTS REQUESTED**

**Payee and Address**

**Amount**

**Description**

**EXHIBIT C**

**TO DECLARATION OF TRUST**

**PAYMENT SCHEDULE FOR SERIES 2024 CERTIFICATES\***

*[\*To be inserted after pricing\*]*

\* To provide for the timely payment of Basic Rent, the City shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

**EXHIBIT C**  
**PRELIMINARY OFFICIAL STATEMENT**

[On file with the City Clerk]

**PRELIMINARY OFFICIAL STATEMENT DATED MAY \_\_\_, 2024****NEW ISSUE  
BOOK-ENTRY ONLY****S&P RATING: AA  
See "RATING" herein**

*In the opinion of Gilmore & Bell, P.C., Special Tax Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the Interest Portion of Basic Rent Payments paid by the City under the hereinafter-defined Lease and distributed to the Owners of the Series 2024 Certificates (including any original issue discount properly allocable to an Owner thereof) (1) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Missouri. The City's obligation to pay Basic Rent Payments under the Lease has not been designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. Special Tax Counsel notes that the Interest Portion of Basic Rent Payments paid by the City under the Lease may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See "TAX MATTERS."*



**\$25,505,000\***  
**CERTIFICATES OF PARTICIPATION**  
**(CITY OF UNIVERSITY CITY, MISSOURI, LESSEE)**  
**SERIES 2024**

**Dated: Date of Delivery****Due: April 1, as shown on the inside cover**

The Certificates of Participation (City of University City, Missouri, Lessee), Series 2024 (the "Series 2024 Certificates"), will be delivered by UMB Bank, N.A. (the "Trustee") for the purpose of paying the costs of (1) acquiring, constructing, reconstructing, remodeling, equipping, furnishing and otherwise improving the Annex Building and Trinity Building of the City of University City, Missouri (the "City"), and (2) executing and delivering the Series 2024 Certificates. Only that portion of the Project that constitutes the Equipment (as defined herein) serves as security for payment of the Series 2024 Certificates under the Lease (as hereafter defined).

The Series 2024 Certificates will be delivered in fully-registered form in authorized denominations of \$5,000 or any integral multiple thereof. Principal Portions will be payable each April 1, beginning on April 1, 2025\*. Semiannual Interest Portions will be payable on April 1 and October 1, beginning April 1, 2025\*.

The Series 2024 Certificates evidence the ownership of proportionate interests in, and rights to receive payments under, a Lease Purchase Agreement dated as of June 1, 2024 (the "Lease") entered into between the Trustee, as lessor, and the City, as lessee. The Series 2024 Certificates are to be executed and delivered pursuant to a Declaration of Trust dated as of June 1, 2024 (the "Declaration of Trust") made by the Trustee.

The Series 2024 Certificates are subject to prepayment prior to maturity as more fully described herein.

**Neither the Series 2024 Certificates nor the Lease shall constitute a liability or obligation of the City beyond the Original Term or Renewal Term in effect at any time. The City is under no obligation to renew the Lease at the end of the Original Term or any Renewal Term. Neither the Series 2024 Certificates nor the Lease will constitute a general obligation or indebtedness of the City within the meaning of any constitutional, statutory or charter debt limitation or restriction. The Trustee will have no financial obligation under the Lease or the Declaration of Trust.**

**An investment in the Series 2024 Certificates involves risk. Prospective purchasers should evaluate the risks and merits of an investment in the Series 2024 Certificates before considering a purchase of the Series 2024 Certificates. See "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.**

*The Series 2024 Certificates are offered when, as and if executed and delivered by the Trustee, subject to the approval of validity by Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel to the City, and subject to certain other conditions. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C., St. Louis, Missouri. Certain legal matters will be passed upon for the Underwriter by Thompson Coburn LLP, St. Louis, Missouri. It is expected that the Series 2024 Certificates will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about June 25, 2024.*

# STIFEL

The date of this Official Statement is June \_\_\_, 2024.

\* Preliminary; subject to change.

**\$25,505,000\***  
**CERTIFICATES OF PARTICIPATION**  
**(CITY OF UNIVERSITY CITY, MISSOURI, LESSEE)**  
**SERIES 2024**

**MATURITY SCHEDULE\***

**BASE CUSIP: \_\_\_\_\_**

**SERIAL CERTIFICATES**

<b><u>Due</u></b> <b><u>(April 1)</u></b>	<b><u>Principal</u></b> <b><u>Portion</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b>	<b><u>CUSIP</u></b> <b><u>Extension</u></b>
2025	\$ 810,000	%	%	
2026	555,000			
2027	585,000			
2028	610,000			
2029	645,000			
2030	675,000			
2031	710,000			
2032	745,000			
2033	780,000			
2034	820,000			
2035	860,000			
2036	905,000			
2037	950,000			
2038	995,000			
2039	1,045,000			
2040	1,100,000			

**TERM CERTIFICATES**

<b><u>Due</u></b> <b><u>(April 1)</u></b>	<b><u>Principal</u></b> <b><u>Portion</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b>	<b><u>CUSIP</u></b> <b><u>Extension</u></b>
2044	\$4,970,000	%	%	
2049	7,745,000			

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\* Preliminary; subject to change.

**CITY OF UNIVERSITY CITY, MISSOURI**

6801 Delmar Boulevard  
University City, Missouri 63130

**MAYOR**

Terry Crow

**CITY COUNCIL**

Jeff Hales  
Steve McMahan  
John Samuel Tieman  
Dennis Fuller  
Bwayne Smotherson  
Stacy Clay

**CITY ADMINISTRATION**

Gregory Rose, *City Manager*  
Brooke Smith, *Deputy City Manager/Director of Economic Development*  
Chief Larry Hampton, Jr., *Director of Public Safety/Police*  
Chief William Hinson, *Director of Public Safety/Fire & EMS*  
Keith Cole, *Finance Director*  
Amy Williams, *Director of Human Resources*  
Darin Girdler, *Director of Public Works/Interim Director of Parks, Recreation and Forestry*  
John Wagner, *Director of Planning and Development*  
LaRette Reese, *City Clerk*

**CITY ATTORNEY**

John F. Mulligan, Jr., Esq.  
St. Louis, Missouri

**TRUSTEE**

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

**SPECIAL TAX COUNSEL AND DISCLOSURE COUNSEL**

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

**UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated  
St. Louis, Missouri

**UNDERWRITER'S COUNSEL**

Thompson Coburn LLP  
St. Louis, Missouri

## REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Series 2024 Certificates 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 Series 2024 Certificates 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 furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The 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.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Series 2024 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Series 2024 Certificates have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or “blue sky” laws. The Series 2024 Certificates are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

This Preliminary Official Statement is in a form deemed final by the City for purposes of Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended, except for certain information permitted to be omitted pursuant to Rule 15c2-12(B)(1).

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the City’s current expectations, hopes, intentions or strategies regarding the future. Such statements may be identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (1) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (2) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (3) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE. UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS SET FORTH IN **APPENDIX D**.

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## OFFICIAL STATEMENT

\$25,505,000\*

### CERTIFICATES OF PARTICIPATION (CITY OF UNIVERSITY CITY, MISSOURI, LESSEE) SERIES 2024

#### INTRODUCTION

*The following introductory information is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and appendices, should be considered in its entirety. The offering of the Series 2024 Certificates to potential investors is made only by means of the entire Official Statement.*

#### General

This Official Statement, including the cover page and appendices hereto, is furnished to prospective purchasers in connection with the offering and sale of \$25,505,000\* principal amount of Certificates of Participation (City of University City, Missouri, Lessee), Series 2024 (the “**Series 2024 Certificates**”), representing the proportionate interests of the owners thereof (the “**Owners**”) in rental payments (the “**Basic Rent Payments**”) to be made by the City of University City, Missouri (the “**City**”), pursuant to a Lease Purchase Agreement dated as of June 1, 2024 (the “**Lease**”), between UMB Bank, N.A. (the “**Trustee**”), as lessor, and the City, as lessee.

The Series 2024 Certificates are being delivered pursuant to a Declaration of Trust dated as of June 1, 2024 (the “**Declaration of Trust**”), made by the Trustee, as trustee under the Declaration of Trust, for the purpose of paying the costs of (1) acquiring, constructing, reconstructing, remodeling, equipping, furnishing and otherwise improving the City’s Annex Building and Trinity Building (the “**Project**”) and (2) executing and delivering the Series 2024 Certificates. See “**PLAN OF FINANCING.**”

#### The City

The City is a legally constituted charter city created, organized and existing under the laws of the State of Missouri (the “**State**”) and its charter. The City is located in St. Louis County, Missouri, on the western boundary of the City of St. Louis, Missouri, and consists of approximately six square miles. The City’s population is estimated to be 34,850. For additional information regarding the City, see *Appendix A* hereto.

#### The Financing Documents

Proceeds of the Series 2024 Certificates will be used to finance the Project, a portion of which will include certain personal property. That personal property is referred to herein as the “**Equipment.**” The Trustee, as lessor, will convey and lease the Equipment to the City, as lessee, pursuant to the Lease for an original term commencing on the date of delivery of the Series 2024 Certificates and terminating on June 30, 2024 (the “**Original Term**”), the last day of the City’s current Fiscal Year. Subject to annual renewal and budget appropriations at the option of the City, the Trustee will continue to lease the Equipment for subsequent one-year renewal terms (the “**Renewal Terms**”), provided that the final Renewal Term will not extend beyond April 2, 2049\*, which is the day following the final maturity of the Series 2024 Certificates.

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\* Preliminary; subject to change.

The Series 2024 Certificates are being executed and delivered pursuant to the Declaration of Trust, made by the Trustee. Neither the Series 2024 Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no liability or obligation under or with respect to the Series 2024 Certificates or the Basic Rent Payments.

Under the Declaration of Trust, the Trustee will hold all of its estate, right, title and interest in the Lease for the benefit of the Owners of the Series 2024 Certificates. The Declaration of Trust provides for the future delivery of additional certificates (the “**Additional Certificates**” and, together with the Series 2024 Certificates, the “**Certificates**”) which, if delivered, will rank on a parity with the Series 2024 Certificates and any other Certificates then-Outstanding under the Declaration of Trust. See “**ADDITIONAL CERTIFICATES.**”

### **Limited Obligations**

The Series 2024 Certificates will be payable solely from the Basic Rent Payments to be paid by the City under the Lease for use of the Equipment, from certain proceeds of insurance policies or condemnation awards, from interest earnings on moneys in certain funds held by the Trustee, from moneys derived from the sale or lease of the Trustee’s interest in the Equipment or portions thereof, and not from any other fund or source of the Trustee. The obligation of the City to pay Basic Rent Payments and Supplemental Rent Payments is limited to those City funds which are specifically budgeted and appropriated annually by the City Council for such purpose. No reserve fund has or will be established to secure payment of the Basic Rent Payments.

None of the Series 2024 Certificates, the Lease or any payments required under the Lease shall constitute a mandatory payment obligation of the City in any year beyond the then-current year for which the City has renewed and 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 Basic Rent Payments or renew the Lease after the Original 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 Equipment pursuant to the Lease.

The Series 2024 Certificates shall not constitute a debt or liability of the City or of the State or of any political subdivision thereof and shall not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction. The delivery of the Series 2024 Certificates shall 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. The Trustee has no taxing power and no financial obligation under the Lease or the Declaration of Trust.

To secure the payment of all of the City’s obligations under the Lease, the City has granted, to the extent permitted by law, to the Trustee a security interest in the Equipment and all additions, attachments and accessions thereto, substitutions therefor and proceeds therefrom. Such security interest does not extend to the real estate on or the building in which the Equipment is located.

***None of the Annex Building, the Trinity Building or the underlying real estate is being sold, leased or otherwise disposed of in connection with the execution and delivery of the Series 2024 Certificates. Upon an Event of Nonappropriation or an Event of Default, as defined in the Lease, the Trustee will only have the rights set forth therein, which do not include the right to repossess or otherwise take the Annex Building, the Trinity Building or the underlying real estate. See “SECURITY FOR THE SERIES 2024 CERTIFICATES” and “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”***

## Financial Statements

Audited financial statements of the City, as of and for the year ended June 30, 2023, are included in *Appendix B* to this Official Statement. The financial statements contained therein were audited by Sikich LLP, certified public accountants, to the extent and for the period indicated in the Independent Auditor's Report.

## Definitions and Descriptions; Inspection of Documents

All capitalized terms used in this Official Statement not defined in the text hereof are defined under the caption "**Definitions of Words and Terms**" set forth in *Appendix C* to this Official Statement. Brief descriptions of the Series 2024 Certificates, the Lease, the Declaration of Trust 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 Lease and the Declaration of Trust are qualified in their entirety by reference to such documents, copies of which may be requested from the Trustee, or will be provided by the Underwriter 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 Lease and the Declaration of Trust.

## Continuing Disclosure

The City has covenanted in a Continuing Disclosure Undertaking dated as of June 1, 2024 (the "**Continuing Disclosure Undertaking**") that it will provide a copy of its audited financial statements, certain operating data and notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board, in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "**Rule**"). The proposed form of the Continuing Disclosure Undertaking is included in this Official Statement as *Appendix D*.

## THE SERIES 2024 CERTIFICATES

### Authorization

The Series 2024 Certificates are being delivered pursuant to the Declaration of Trust and pursuant to and in full compliance with the constitution and laws of the State and pursuant to proceedings duly had by the City.

### Description

The Series 2024 Certificates will be dated their date of delivery, will mature on April 1 in the years and in the respective principal amounts (subject to prior prepayment as described herein) and will bear interest at the respective rates per annum, as set forth on the inside cover page hereof. The Series 2024 Certificates will be delivered in fully-registered form in the denominations of \$5,000 or any integral multiple thereof. The Principal Portions and premium, if any, of the Basic Rent Payments represented by the Series 2024 Certificates shall be payable to the Owners thereof at the designated corporate trust office of the Trustee or such other office as the Trustee designates upon presentation and surrender thereof. Interest Portions shall be paid each April 1 and October 1, beginning April 1, 2025\*, to the Owners, determined as of the close of business on the Record Date, which shall be the 15th day (whether or not a Business Day) of the calendar month preceding such interest payment date, by check or draft mailed to each Owner at the address appearing on the registration books of the Trustee, as registrar, or by electronic transfer to such Owner upon written notice given to the Trustee by such Owner not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name of the bank, the bank's ABA routing number, the account number to which such Owner wishes to have such transfer directed, and an acknowledgement that an

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\* Preliminary; subject to change.

electronic transfer fee may be applicable. All such payments shall be made in lawful money of the United States of America.

**Prepayment Provisions**

**Optional Prepayment.** The Series 2024 Certificates maturing on April 1, 20\_\_ and thereafter shall be subject to optional prepayment, as a whole or in part, on April 1, 20\_\_ or any date thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2024 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the City upon the exercise of its option to purchase the Trustee’s interest in the Equipment or to partially prepay Basic Rent Payments pursuant to the terms of the Lease.

**Extraordinary Optional Prepayment – Damage, Destruction, Condemnation, Changes in Law.** The Series 2024 Certificates shall be subject to optional prepayment on any date prior to their respective stated maturities, as a whole (but not in part), at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Equipment, or if as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Lease or the Declaration of Trust becomes unenforceable and the City purchases the Trustee’s interest in the Equipment pursuant to the Lease.

**Mandatory Prepayment.** The Series 2024 Certificates maturing on April 1, 2044\* and April 1, 2049\* (collectively, the “Term Certificates”) shall be subject to mandatory prepayment at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2024 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the following principal amounts:

**April 1, 2044 Term Certificates\***

<b>Prepayment Date (April 1)</b>	<b>Principal Portion</b>
2041	\$1,155,000
2042	1,210,000
2043	1,270,000
2044†	1,335,000

† Final Maturity

**April 1, 2049 Term Certificates\***

<b>Prepayment Date (April 1)</b>	<b>Principal Portion</b>
2045	\$1,400,000
2046	1,470,000
2047	1,545,000
2048	1,625,000
2049†	1,705,000

† Final Maturity

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\* Preliminary; subject to change.

***Selection of Certificates to Be Prepaid.*** Certificates shall be prepaid only in principal amounts of \$5,000 or integral multiples thereof. When less than all of the Outstanding Certificates of any series are called for optional prepayment, such Certificates shall be prepaid in such order of stated payment dates as is determined by the City. Within a stated payment date the Trustee shall select the Certificates or any given portion thereof to be prepaid by lot or in such other equitable manner as the Trustee determines.

***Partial Prepayment of Certificates.*** Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of the same series and maturity, equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered.

***Notice and Effect of Call for Prepayment.*** Official notice of any prepayment of Certificates shall be given by the Trustee by mailing a copy of an official prepayment notice at least 30 days prior to the Prepayment Date to the City and the Owner of each Certificate to be prepaid, unless waived by any Owner thereof, at the address shown on the registration books of the Trustee, as registrar, as of the date of the notice, as more fully described in the Declaration of Trust.

Notice of prepayment having been duly given as provided in the Declaration of Trust, and upon funds for payment of the Prepayment Price of such Certificates (or portions thereof) being held by the Trustee, on the Prepayment Date designated in such notice, the Certificates (or portions thereof) so called for prepayment shall become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit or security under the Declaration of Trust and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the Prepayment Price.

#### **CUSIP Numbers**

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

#### **ADDITIONAL CERTIFICATES**

The Trustee may deliver Additional Certificates for any purpose specified in the Declaration of Trust, upon compliance with certain terms and conditions set forth in the Declaration of Trust. Any Additional Certificates will be equally and ratably secured by the Declaration of Trust on a parity with the Series 2024 Certificates, except that each series of Certificates, if secured by a reserve fund, is entitled to the benefits and security of a separate account in such reserve fund. Concurrently with the delivery of any such Additional Certificates, the Trustee and the City shall deliver an amendment to the Lease obligating the City to make payments of principal thereof and interest thereon in amounts and at times sufficient to provide for the timely payment of principal of and interest on such Additional Certificates. See “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF DOCUMENTS – SUMMARY OF THE DECLARATION OF TRUST – Additional Certificates**” in *Appendix C*.

#### **BOOK-ENTRY ONLY SYSTEM**

***General.*** The Certificates are available in book-entry only form. Purchasers of the Certificates will not receive certificates representing their interests in the Certificates. Ownership interests in the Certificates will be available to purchasers only through a book-entry system maintained by The Depository Trust Company (“**DTC**”), New York, New York.

**The following information concerning DTC and DTC's book-entry system has been obtained from DTC. The City takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants (as defined herein) nor the Beneficial Owners (as defined herein) should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants (as defined herein), as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.**

DTC will act as securities depository for the Certificates. The Certificates will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity and will be deposited with DTC or with the Trustee as its "FAST" Agent.

***DTC and its Participants.*** DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

**Notices.** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

**Payments of Principal and Interest.** Prepayment proceeds and principal and interest payments on the Certificates will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds and principal of and interest on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

**Discontinuation of Book-Entry System.** DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, if a successor depository is not obtained, replacement certificates are required to be printed and delivered.

## SECURITY FOR THE SERIES 2024 CERTIFICATES

### Limited Obligations; Sources of Payment

The Equipment is being conveyed and leased by the Trustee to the City pursuant to the Lease. The Series 2024 Certificates evidence undivided ownership interests in the right to receive (1) the Basic Rent Payments paid by the City for the lease of the Equipment pursuant to the Lease, and (2) to the extent received by the Trustee, interest earnings, proceeds of insurance and condemnation awards, and proceeds of any lease or sale of the Trustee's interest in the Equipment.

The Series 2024 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has

appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. If the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then-current Fiscal Year. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then-current Fiscal Year, but failure to give such notice will not extend the term beyond such Fiscal Year. Upon termination of the Lease, the Series 2024 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or subleasing of the Trustee's interest in the Equipment pursuant to the Lease and the Declaration of Trust. The obligation of the City to pay Basic Rent and, thus, the Series 2024 Certificates, is limited to payment from Available Revenues (as defined herein), will constitute a current expense of the City, will not be a debt of the City in contravention of any applicable constitutional, statutory or charter limitation or requirement concerning the creation of indebtedness by the City, and will not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then-current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments.

Under the terms of the Lease, if the City elects to renew the Lease at the end of the Original Term or any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its revenues derived from property taxes and other sources, which appropriation must be sufficient to make the Basic Rent Payments coming due during the ensuing Fiscal Year. The City is obligated to make Basic Rent Payments to the Trustee during each Fiscal Year in which the Lease is in effect at least five Business Days before the scheduled due date, in amounts sufficient to enable the Trustee to pay the Principal Portion, premium, if any, and Interest Portion of the Basic Rent Payments represented by the Series 2024 Certificates becoming due on such date.

To secure the payment of all of the City's obligations under the Lease, the City has granted, to the extent permitted by law, to the Trustee a security interest in the Equipment and all additions, attachments and accessions thereto, substitutions therefor and proceeds therefrom. Such security interest does not extend to the real estate on or the building in which the Equipment is located.

None of the Annex Building, the Trinity Building or the underlying real estate is serving as security for repayment of the Series 2024 Certificates.

Neither the Series 2024 Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no obligation to make any payment with respect to the Series 2024 Certificates or the Lease.

The City is obligated only to pay periodic payments under the Lease as may be lawfully made from all Available Revenues. “**Available Revenues**” means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted and appropriated by the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust. The Basic Rent Payments payable by the City under the Lease and distributable to the Owners of the Series 2024 Certificates are set forth under “**DEBT STRUCTURE OF THE CITY – Lease Obligations of the City - Certificates of Participation**” in *Appendix A*.

Although payment of the principal of and interest on the Series 2024 Certificates may be made, subject to annual appropriation, from any funds of the City legally available for such purpose, the City intends to annually budget and appropriate approximately 25% of such payments from the Capital Improvement Sales Tax Capital Projects Fund, approximately 25% from the Public Safety Sales Tax Special Revenue Fund and the remainder from the General Fund. See “**FINANCIAL INFORMATION CONCERNING THE CITY – Retail Sales and Use Taxes**” and “**– Summary of Revenues and Expenditures**” in *Appendix A*. **SUCH REVENUES ARE NOT PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2024 CERTIFICATES, AND THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR PAYMENT OF THE SERIES 2024 CERTIFICATES.** No tax or any



other funds or revenues of the City are, or can be, pledged to the payment of the Series 2024 Certificates. The Lease does not require or limit the City to use proceeds of any tax to pay Basic Rent.

See “**RISK FACTORS AND INVESTMENT CONSIDERATIONS – Limited Obligations,**” “**– Results of Nonappropriation**” and “**– Dilution of Security for the Series 2024 Certificates and Limited Value of the Equipment.**”

### **Nonappropriation**

The Lease Term will continue into each succeeding Fiscal Year, at the option of the City, only if there is an appropriation made by the City from which to pay Basic Rent Payments and all other amounts payable by the City under the Lease.

Upon the occurrence of an Event of Nonappropriation, the City’s obligation to make Basic Rent Payments and other payments under the Lease will terminate as of the end of the last Fiscal Year for which the City has appropriated Basic Rent Payments. If an Event of Nonappropriation occurs, or upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may take possession of the Equipment, in which event the City will take all actions necessary to authorize, execute and deliver to the Trustee all documents necessary to vest in the Trustee all of the City’s interest in and to the Equipment. The Trustee may then terminate the Lease and lease the Equipment or sell its interest therein. Upon the occurrence of an Event of Default or upon the occurrence of an Event of Nonappropriation, the Trustee may declare all Rent payable by the City under the Lease to the end of the then-current Original Term or Renewal Term to be due. See “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF DOCUMENTS – SUMMARY OF THE LEASE – Events of Default**” and “**– Remedies on Default**” in *Appendix C*.

**THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR BASIC RENT PAYMENTS OR RENEW THE LEASE AFTER THE ORIGINAL TERM OR ANY RENEWAL TERM. NEITHER THE SERIES 2024 CERTIFICATES NOR THE LEASE SHALL CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER DEBT LIMITATION OR RESTRICTION, NOR A MANDATORY PAYMENT OBLIGATION IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR IN WHICH THE LEASE IS IN EFFECT. THE CITY IS NOT LEGALLY REQUIRED TO BUDGET OR APPROPRIATE MONEYS FOR ANY SUBSEQUENT FISCAL YEAR BEYOND THE CURRENT FISCAL YEAR.**

### **No Reserve Fund**

No reserve fund has been or will be established to secure payment of the Series 2024 Certificates.

## **RISK FACTORS AND INVESTMENT CONSIDERATIONS**

The following is a discussion of certain risks that could affect the Basic Rent Payments and other payments to be made by the City with respect to the Lease and the Series 2024 Certificates. To identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement, including the appendices. Prospective purchasers of the Series 2024 Certificates should consider carefully all possible factors that may result in a default in the payment of the Principal Portion or Interest Portion of Basic Rent Payments represented by the Series 2024 Certificates by the City under the Lease, the prepayment of the Series 2024 Certificates prior to maturity or the determination that the Interest Portion of the Basic Rent Payments represented by the Series 2024 Certificates might be deemed taxable for purposes of federal and State income taxation, or that may affect the market price or liquidity of the Series 2024 Certificates. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

## Limited Obligations

The Series 2024 Certificates will not constitute an indebtedness or liability of the City, the State or any other political subdivision thereof within the meaning of any State constitutional provision or statutory or charter limitation and will not constitute a pledge of the faith and credit of the City, the State or any other political subdivision thereof. The delivery of the Series 2024 Certificates will not obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment in any year subsequent to a year in which the Lease is in effect.

The obligation of the City to pay Basic Rent Payments and Supplemental Rent Payments is limited to those funds that are specifically budgeted and appropriated annually by the City Council for such purpose. Although payment of the principal of and interest on the Series 2024 Certificates may be made, subject to annual appropriation, from any funds of the City legally available for such purpose, the City intends to annually budget and appropriate approximately 25% of such payments from the Capital Improvement Sales Tax Capital Projects Fund, approximately 25% from the Public Safety Sales Tax Special Revenue Fund and the remainder from the General Fund. See **“FINANCIAL INFORMATION CONCERNING THE CITY – Retail Sales and Use Taxes”** and **“ – Summary of Revenues and Expenditures”** in *Appendix A*. **There can be no assurance that the City will appropriate funds for Basic Rent Payments or renew the Lease after the Original Term or any Renewal Term. Neither the Series 2024 Certificates nor the Lease shall constitute a general obligation or other indebtedness of the City, nor a mandatory payment obligation in any Fiscal Year subsequent to a Fiscal Year in which the Lease is in effect. The City is not legally required to budget or appropriate money for any subsequent Fiscal Year beyond the current Fiscal Year.**

## Results of Nonappropriation

If the City does not budget and appropriate, specifically with respect to the Lease, moneys sufficient to pay all Basic Rent Payments and all other amounts due under the Lease coming due each Fiscal Year during the term of the Lease and any renewals thereof, the Lease will terminate. The Lease is also subject to termination by the Trustee if any Event of Default has occurred and is continuing. See **“SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Nonappropriation”** and **“– Remedies on Default”** in *Appendix C*.

Pursuant to the Lease, the Trustee will convey and lease the Equipment to the City. The Lease is for a term ending April 2, 2049\*, unless sooner terminated if the City makes all payments required by the Lease. If the City terminates the Lease or if an Event of Default or Event of Nonappropriation occurs under the Declaration of Trust or the Lease, the Trustee has the right to possession of the Equipment and has the right to sell or lease its interest in the Equipment upon such terms as it deems prudent.

Because the Equipment consists of personal property, it may not be reasonably or easily removed or converted to alternative uses. No security interest is given in the real estate on or the building in which the Equipment will be located. A potential purchaser of the Series 2024 Certificates should not assume that it will be possible to sell or lease the Trustee’s interest in the Equipment after a termination of the Lease for an amount equal to the aggregate Principal Portion of the Basic Rent Payments represented by the Series 2024 Certificates then-Outstanding plus the Interest Portion of the Basic Rent Payments represented by the Series 2024 Certificates accrued thereon.

None of the Annex Building, the Trinity Building or the underlying real estate is being sold, leased, given away or otherwise disposed of in connection with the Series 2024 Certificates or serves as collateral with respect to the repayment of the Series 2024 Certificates.

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\* Preliminary; subject to change.

## **Termination of the Lease**

The Series 2024 Certificates are payable from Basic Rent Payments due from the City under the Lease, which payments are subject to annual appropriation. The City is not obligated to pay Basic Rent Payments under the Lease in any Fiscal Year for which the City Council has not appropriated such payments. Neither the Basic Rent Payments nor any other payments under the Lease nor any payments on the Series 2024 Certificates constitute a general obligation or other indebtedness of the City or a mandatory payment obligation of the City.

The obligations of the City under the Lease are limited to those funds that have been specifically budgeted and appropriated for the then-current Fiscal Year by the City Council for such purpose. Except to the extent payable from the proceeds of the Series 2024 Certificates and income from the investment thereof and the Net Proceeds of certain insurance policies, condemnation awards or proceeds from the sale or lease of the Trustee's interest in the Equipment, the Principal Portions and Interest Portions of the Basic Rent Payments represented by the Series 2024 Certificates are payable solely from Basic Rent Payments during the Original Term of the Lease and any Renewal Term. Although the Basic Rent Payments may be made, subject to annual appropriation, from any funds of the City legally available for such purpose, the City intends to annually budget and appropriate approximately 25% of such payments from the Capital Improvement Sales Tax Capital Projects Fund, approximately 25% from the Public Safety Sales Tax Special Revenue Fund and the remainder from the General Fund. See **“FINANCIAL INFORMATION CONCERNING THE CITY – Retail Sales and Use Taxes”** and **“ – Summary of Revenues and Expenditures”** in *Appendix A*. The City's obligations under the Lease may be terminated on an annual basis by the City, and there is no assurance that the City will continue to make payments under the Lease beyond the Original Term or any Renewal Term.

The likelihood that the City will renew the Lease through the term of the Series 2024 Certificates is dependent upon certain factors which are beyond the control of the Owners of the Series 2024 Certificates, including (1) the demographic conditions within the City; (2) the ability of the City to generate sufficient funds from property taxes, user fees and charges and other sources to meet its obligations to make Basic Rent Payments under the Lease and its other obligations; and (3) new legislation or judicial interpretations which limit the ability of governmental bodies to increase fees and charges or result in limitations or roll-backs in tax rates or assessment.

## **Delays in Exercising Remedies**

A termination of the City's right of possession of the Equipment 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 Original Term or any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right of possession of, and the right to relet or assign its interest in, the Equipment in accordance with the provisions of the Lease and the Declaration of Trust. However, the enforceability of the Lease and the Declaration of Trust 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 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 Equipment is used by the City for the performance of its governmental functions. Due to the governmental use of the Equipment and the delays inherent in obtaining possession of the Equipment and other judicial remedies, no assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the Principal Portions and Interest Portions of Basic Rent Payments with respect to the Series 2024 Certificates. The legal opinions to be delivered with the delivery of the Series 2024 Certificates will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (a) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (b) general principles of equity, and (c) the exercise of judicial discretion in appropriate cases. If such money is insufficient to pay all Outstanding

Series 2024 Certificates in full, the Series 2024 Certificates would be paid in part on a *pro rata* basis. Any delays in the ability of the Trustee to obtain possession of the Equipment will, of necessity, result in delays in any payment of Principal Portions and Interest Portions of Basic Rent Payments with respect to the Series 2024 Certificates.

### **Effects of Termination of the Lease on the Series 2024 Certificates**

Special Tax Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to termination of the Lease by reason of an Event of Nonappropriation or an Event of Default. If the Original Term or any Renewal Term is terminated by reason of such events, there is no assurance that the Series 2024 Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

### **Potential Impact of Pandemics**

Recent events with the COVID-19 pandemic have shown that an outbreak of infectious disease can trigger governmentally-imposed restrictions and changes in consumer behavior that could negatively impact local economic conditions. Such changes can cause supply chain disruptions, unemployment rates to rise, taxable sales to decrease, delinquencies in tax payments and other negative pressures on economic activity that could result in decreased or delayed tax collections for the City or otherwise adversely affect the City's operations and finances.

While conditions have significantly improved and, in May 2023, the World Health Organization and the U.S. Department of Health and Human Services declared ends to COVID-19 public health emergencies, new, more harmful variants of the virus or significant spreading of existing variants of the virus (or other viruses or public health emergencies) could still cause reduced healthcare availability and reduced economic activity. Such reduced economic activity could in turn negatively impact property values, sales taxes, the collections of such taxes and the operations and finances of the City.

Because the City receives the majority of its revenue from local property taxes and sales taxes, the City did not experience a decrease in revenues due to COVID-19. Historical revenues and expenditures for the City's General Fund for the fiscal years ended June 30, 2021 through 2023 are set forth under the caption **"FINANCIAL INFORMATION CONCERNING THE CITY – Summary of Revenues and Expenditures"** in *Appendix A*.

### **Factors Affecting the Business Operations of the City**

The City intends to satisfy its obligation to pay Basic Rent under the Lease by annually budgeting and appropriating approximately 25% of the Basic Rent Payments from the Capital Improvement Sales Tax Capital Projects Fund, approximately 25% from the Public Safety Sales Tax Special Revenue Fund and the remainder from the General Fund. See **"FINANCIAL INFORMATION CONCERNING THE CITY – Retail Sales and Use Taxes"** and **" – Summary of Revenues and Expenditures"** in *Appendix A*. Purchasers of the Certificates should be aware, however, that such revenues are not, and cannot be, pledged to the payment of the Certificates. Additionally, one or more of the following factors or events could adversely affect the City's operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Administration.* Changes in key management personnel could affect the capability of the management of the City.
2. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in the City, including increased unemployment and inability to control expenses in periods of inflation,

could adversely impact payment of taxes by taxpayers in the City and, therefore, the City's financial condition.

3. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the City's financial performance.
4. *Environmental Hazards.* The City has covenanted in the Lease to comply in all respects, and to remain in compliance, with all applicable federal, state and local laws, statutes, rules, regulations and ordinances concerning the public health, safety and environment. To complete the Project, asbestos in the Annex Building and the Trinity Building will need to be remediated. Except for the asbestos abatement, the City is not aware of any environmental condition at the Annex Building or the Trinity Building that requires any present remedial action. No environmental studies have been performed with respect to the Equipment or the real estate on which the Annex Building and the Trinity Building are located. The City is not aware of any environmental condition of the Equipment that requires any present remedial action. The discovery of such a condition may adversely affect the City's willingness to renew the Lease after the expiration of the Original Term or any Renewal Term. Additionally, based on its knowledge of the historical use of the real estate on which the Annex Building and the Trinity Building are located, the City is not aware of any condition that would constitute a violation of any federal, state or local law regarding hazardous substances.

#### **Acquisition, Construction and Installation Risks**

Weather, labor disputes, availability of materials and supplies, casualty damages, unanticipated subsoil conditions, unanticipated installation difficulties and other "force majeure" occurrences or events or financial failure or failure to perform by a contractor, subcontractor or supplier may affect the timely acquisition, construction and installation of the Project. No assurance can be given that the acquisition, construction and installation of the Project will be completed on schedule, within budget or without material errors and defects. Any such failure could affect the City's decision to continue appropriations under the Lease.

#### **Damage or Destruction of the Equipment**

The Lease requires the Equipment to be insured as described in "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Insurance" in *Appendix C*. If the Equipment is damaged or destroyed and if the City determines that replacing, repairing, restoring, modifying or improving the Equipment is desirable, the City shall proceed with replacing, repairing, restoring, modifying or improving the Equipment damaged or destroyed so as to place the Equipment in substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the City and as will not impair the utility of the Equipment. The City and the Trustee will cause the Net Proceeds of any insurance claim to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease. If the Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, restoration, modification or improvement, the City shall nonetheless complete the work thereof and shall pay that portion of the costs thereof in excess of the amount of the Net Proceeds.

If the City determines that replacing, repairing, restoring, modifying or improving the Equipment is not practicable and desirable, then, in lieu of replacing, repairing, restoring, modifying or improving the Equipment, the City shall promptly purchase the Equipment by paying the Purchase Price to the Trustee and any Net Proceeds of casualty insurance received with respect to any such damage to or loss of the Equipment shall be applied to such payment.

The City shall not, by reason of its inability to use all or any part of the Equipment during any period in which the Equipment is damaged or destroyed, or is being replaced, repaired, restored, modified or improved, or by reason of the payment of the costs of such replacing, repairing, restoring, modifying or improving, be entitled to any reimbursement from the Trustee or the Owners of the Series 2024 Certificates, or any abatement or diminution of the rentals payable by the City under the Lease.

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

### **Power of Eminent Domain**

Under State statutes, the City has the power to condemn property for its purposes. There is no assurance that if the City were to condemn the Equipment that the condemnation award would be sufficient to pay the Principal Portions and Interest Portions with respect to the Series 2024 Certificates then-Outstanding. Under the Lease, the City and the Trustee have reached an agreement on the terms of the acquisition of the Equipment, at the City’s option, and the use of the Equipment. The City has agreed that any acquisition of the Equipment or rights to its use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Basic Rent Payments and the applicable Purchase Price. If the City allows the Lease to expire without exercising its option to purchase, whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the last possible Renewal Term or failure to cure an Event of Default, the City’s failure to exercise the option to purchase shall constitute an irrevocable determination by the City that the Equipment is not required by the City for any public purpose for the term of the Lease. The enforceability of the foregoing agreements of the City has not been the subject of judicial interpretation.

### **Secondary Market Prices and Liquidity**

The Underwriter will not be obligated to repurchase any of the Series 2024 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2024 Certificates. No assurance is given that any secondary market will develop following the completion of the offering of the Series 2024 Certificates, and no assurance is given that the initial offering price for the Series 2024 Certificates will continue for any period of time.

Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in the operating performance or tax collection patterns of issuers. Particularly, prices of outstanding municipal securities should be expected to decline if prevailing market interest rates rise. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor’s or the issuer’s circumstances and may require commitment of the investor’s funds for an indefinite period of time, perhaps until maturity.

### **Rating**

A rating agency has assigned the Series 2024 Certificates the rating set forth under “**RATING**” in this Official Statement. The rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, by said rating agency if, in its judgment, circumstances warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2024 Certificates.

## **Bankruptcy**

In addition to the limitations on remedies contained in the Declaration of Trust and the Lease, the rights and remedies provided in the Declaration of Trust and the Lease may be limited by and are subject to (1) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, (2) the application of equitable principles, (3) the exercise of judicial discretion in appropriate cases and (4) limitations on legal remedies against public agencies in the State. The City, like all other political subdivisions within the State, is specifically authorized by State law to institute proceedings under Chapter 9 of the Federal Bankruptcy Code. Such proceedings, if commenced, are likely to have an adverse effect on the market price of the Series 2024 Certificates.

## **Amendment of the Declaration of Trust and the Lease**

Certain amendments to the Declaration of Trust and the Lease may be made with the consent of the Owners of not less than a majority in principal amount of the Certificates then-Outstanding affected by such supplemental declarations of trust or supplemental leases. Such amendments, such as an amendment to the insurance requirements of the Lease, may adversely affect the security of the Owners of the Certificates.

## **Dilution of Security for the Series 2024 Certificates and Limited Value of the Equipment**

The Declaration of Trust permits the delivery of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2024 Certificates. See **"ADDITIONAL CERTIFICATES."** The delivery of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2024 Certificates may dilute the security for the Series 2024 Certificates by increasing debt service obligations under the Declaration of Trust without a concomitant increase in the security for the Series 2024 Certificates.

The estimated value of the Equipment (approximately \$2,527,625 prior to any depreciation) is substantially less than the amount of the Series 2024 Certificates. In the event of a casualty loss, the proceeds of any insurance claim may be insufficient to fund the City's purchase of the Equipment pursuant to the Lease. If the City determines that the replacement, repair, restoration, modification or improvement of the Equipment is not economically feasible or in the best interest of the City, that determination could increase the likelihood of an Event of Nonappropriation.

## **Taxability**

Special Tax Counsel's opinions as to the exclusion of the Interest Portion of the Basic Rent Payments with respect to the Series 2024 Certificates from gross income for federal income tax purposes and other matters are not a guarantee of result and are not binding on the Internal Revenue Service (the **"Service"**); rather, such opinions represent Special Tax Counsel's legal judgment based upon its review of existing law. Also, events occurring subsequent to execution and delivery of the Series 2024 Certificates may require that the Interest Portion of the Basic Rent Payments represented by the Series 2024 Certificates be included in gross income for purposes of federal income taxation and not be exempt from income taxes imposed by the State. See **"TAX MATTERS."**

The Series 2024 Certificates are not subject to prepayment, nor is the payment of any additional interest or penalties on the Series 2024 Certificates required, in the event of a determination by the Service or a court of competent jurisdiction that the Interest Portion of the Basic Rent Payments paid or to be paid with respect to the Series 2024 Certificates is or will be included in the gross income of the Owners thereof for federal income tax purposes. Such determination may, however, result in a breach of the City's tax covenants set forth in the Declaration of Trust or the Lease. Likewise, the Declaration of Trust does not require the prepayment of the Series 2024 Certificates or the payment of any additional interest or penalty on the Series 2024 Certificates if the Interest Portion of the Basic Rent Payments with respect to the Series 2024 Certificates

loses its exemption from income taxes imposed by the State. In such circumstances, it may be that Owners would continue to hold their Series 2024 Certificates, receiving Principal Portions and Interest Portions as and when due, but would be required to pay federal and State income tax on each payment of the Interest Portion as received or accrued.

Special Tax Counsel expresses no opinion as to the federal or State tax exemption of the Interest Portions on the Series 2024 Certificates in the event of payment thereof (1) if the City fails to budget and appropriate sufficient moneys to pay the Basic Rent Payments under the Lease or (2) the Lease terminates for any reason.

### **Risk of Audit**

The Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. Owners of the Series 2024 Certificates are advised that, if an audit of the Series 2024 Certificates were commenced, the Service, in accordance with its current published procedures, is likely to treat the City as the taxpayer, and the Owners of the Series 2024 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2024 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

### **Loss of Premium from Prepayment**

Any person who purchases a Series 2024 Certificate at a price in excess of its principal amount or who holds such Series 2024 Certificate trading at a price in excess of par should consider the fact that the Series 2024 Certificates are subject to prepayment prior to maturity at the Prepayment Prices described herein if the Series 2024 Certificates are prepaid prior to maturity. See **“THE SERIES 2024 CERTIFICATES – Prepayment Provisions.”**

### **Defeasance Risks**

When all Certificates are deemed paid as provided in the Declaration of Trust (in *Appendix C*, see **“SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION OF TRUST – Discharge of Declaration of Trust”**), the Declaration of Trust will be released and terminated, and the Equipment encumbered by the Lease as security for the Certificates will be released. Any Certificate shall be deemed paid when (1) payment of the Principal Portion of Basic Rent Payments evidenced by such Certificate and premium, if any, thereon and the Interest Portion of Basic Rent Payments payable with respect thereto whether such payment is by reason of the stated payment date or upon prepayment as provided in the Declaration of Trust either (a) has been made in accordance with the terms of such Certificate (determined assuming the City has appropriated funds to pay all Basic Rent Payments through the final Renewal Term of the Lease or through the Prepayment Date), or (b) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (i) cash sufficient to make such payment and/or (ii) Government Obligations, maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment, and (2) 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. Government Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. Historically, such United States obligations have been rated in one of the two highest rating categories by the rating agencies. There is no legal requirement in the Declaration of Trust or the Lease that Government Obligations consisting of such United States obligations be or remain rated in one of the two highest rating categories by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit



markets and that could include the rating of Certificates defeased with Government Obligations to the extent the Government Obligations have a change or downgrade in rating.

**Cybersecurity Risks**

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

**PLAN OF FINANCING**

**The Project and the Equipment**

The Project consists of acquiring, constructing, reconstructing, remodeling, equipping, furnishing and otherwise improving the City’s Annex Building and Trinity Building. The total cost of the Project is estimated to be \$27,000,000, and the Project is expected to be complete by September 1, 2026.

Proceeds of the Series 2024 Certificates will be used to finance the Project, a portion of which constitutes the Equipment. Only the Equipment serves as security for payment of the Series 2024 Certificates under the Lease. The Equipment consists of the following:

<i>Personal Property</i>	<i>Estimated Value</i>	
	<i>Annex Building</i>	<i>Trinity Building</i>
Elevator equipment and machine room equipment	\$ 108,256	\$ 44,064
Fire protection pumps and equipment	81,332	15,473
HVAC equipment, including rooftop units, fan coil units, split systems and exhaust equipment	515,436	204,564
Electrical equipment, including switchgears, panels, generators, security cameras and card access system	<u>1,280,729</u>	<u>277,771</u>
Sub-total	<u>\$1,985,753</u>	<u>\$541,872</u>
TOTAL	<u>\$2,527,625</u>	

See the caption “**RISK FACTORS AND INVESTMENT CONSIDERATIONS – Dilution of Security for the Series 2024 Certificates and Limited Value of the Equipment.**”

## Sources and Uses of Funds

The sources and uses of the proceeds of the Series 2024 Certificates are as follows:

*Sources of Funds:*

Par Amount of Series 2024 Certificates	\$
Net Original Issue Premium	
Total	<u>\$</u>

*Uses of Funds:*

Project Costs	\$
Costs of Delivery (including Underwriter's discount)	
Total	<u>\$</u>

## THE CITY

The City is a legally constituted charter city created, organized and existing under the laws of the State and its charter. The City is located in St. Louis County, Missouri, on the western boundary of the City of St. Louis, Missouri, and consists of approximately six square miles. The City's population is estimated to be 34,850. For additional information regarding the City, see *Appendix A* hereto.

## LEGAL MATTERS

Legal matters with respect to the authorization, delivery and sale of the Series 2024 Certificates are subject to the approving legal opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel to the City, whose approving opinion will be available at the time of delivery of the Series 2024 Certificates. Gilmore & Bell, P.C. will also pass upon certain legal matters relating to this Official Statement. Certain legal matters will be passed upon for the Underwriter by Thompson Coburn LLP, St. Louis, Missouri.

The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series 2024 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of Owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2024 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers) and, except for the income tax laws of the State, does not discuss the consequences to an Owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2024 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2024 Certificates.

## Opinion of Special Tax Counsel

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel to the City, under the law existing as of the date of delivery of the Series 2024 Certificates:

**Federal and State of Missouri Tax Exemption.** The Interest Portion of the Basic Rent Payments paid by the City under the Lease and distributed to the Owners of the Series 2024 Certificates (including any original issue discount properly allocable to an Owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State.

**Alternative Minimum Tax.** The Interest Portion of the Basic Rent Payments paid by the City under the Lease and distributed to the Owners of the Series 2024 Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax.

**Bank Qualification.** The City's obligation to pay Basic Rent Payments under the Lease has not been designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Special Tax Counsel's opinions are provided as of the date of delivery of the Series 2024 Certificates, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2024 Certificates in order that the Interest Portion be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Portion in gross income for federal and State income tax purposes retroactive to the date of delivery of the Series 2024 Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2024 Certificates but has reviewed the discussion under this section "TAX MATTERS."

## Other Tax Consequences

**Original Issue Discount.** For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2024 Certificate over its issue price. The stated redemption price at maturity of a Series 2024 Certificate is the sum of all payments on the Series 2024 Certificate other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2024 Certificate is generally the first price at which a substantial amount of the Series 2024 Certificates of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an Owner of a Series 2024 Certificate during any accrual period generally equals (1) the issue price of that Series 2024 Certificate, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2024 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any Interest Portion payable on that Series 2024 Certificate during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes and will increase the Owner's tax basis in that Series 2024 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

**Original Issue Premium.** For federal income tax purposes, premium is the excess of the issue price of a Series 2024 Certificate over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2024 Certificate is the sum of all payments on the Series 2024 Certificate other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2024 Certificate is generally the first price at which a substantial amount of the Series 2024 Certificates of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-

exempt obligations amortizes over the term of such obligations using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the Owner's basis in a Series 2024 Certificate and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the Owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2024 Certificate prior to its maturity. Even though the Owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

***Sale, Exchange or Retirement of Series 2024 Certificates.*** Upon the sale, exchange or retirement (including prepayment) of a Series 2024 Certificate, the Owner of the Series 2024 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange or retirement of the Series 2024 Certificate (other than in respect of the accrued and unpaid Interest Portion) and such Owner's adjusted tax basis in the Series 2024 Certificate. To the extent a Series 2024 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2024 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

***Reporting Requirements.*** In general, information reporting requirements will apply to certain payments of Principal Portion, Interest Portion and prepayment premium paid on the Series 2024 Certificates, and to the proceeds paid on the sale of the Series 2024 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the Owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an Owner will be allowed as a credit against the Owner's federal income tax liability.

***Collateral Federal Income Tax Consequences.*** Prospective purchasers of the Series 2024 Certificates should be aware that ownership of the Series 2024 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2024 Certificates. Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2024 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2024 Certificates, including the possible application of state, local, foreign and other tax laws.

Special Tax Counsel notes that the interest on the Series 2024 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

### **Tax Consequences Subsequent to an Event of Default or Event of Nonappropriation**

Special Tax Counsel has rendered no opinion with respect to the income tax consequences applicable to the Series 2024 Certificates subsequent to a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default. If the Lease is terminated by reason of either such event, there is no assurance that the Interest Portion of the Basic Rent Payments received with respect to the Series 2024 Certificates will remain excludable from gross income for federal income tax purposes.

## CONTINUING DISCLOSURE UNDERTAKING

### General

The City will execute the Continuing Disclosure Undertaking to assist the Underwriter in complying with the Rule. The City is the only “obligated person” with responsibility for continuing disclosure. The proposed form of the Continuing Disclosure Undertaking is included in this Official Statement as *Appendix D*.

### Prior Undertakings

The City has made similar undertakings with respect to its prior obligations to annually file its audited financial statements and certain operating data (together, the “**Annual Report**”). In the last five years, the City has complied in all material respects with its prior continuing disclosure undertakings under the Rule except as follows:

1. The Annual Report for the fiscal year ended June 30, 2019 was filed 13 days late.
2. The Annual Report for the fiscal year ended June 30, 2019 did not include certain demographic and economic data relating to the City as required by the undertaking related to Refunding Certificates of Participation (City of University City, Missouri, Lessee), Series 2012 (the “**Series 2012 Certificates**”). The Series 2012 Certificates were paid in full on February 1, 2020 and are no longer outstanding.

The City intends to retain Gilmore & Bell, P.C. to assist the City in complying with its continuing disclosure undertakings.

## RATING

S&P Global Ratings, a division of S&P Global Inc. (the “**Rating Agency**”), has assigned the Series 2024 Certificates a rating of “AA” based on the Rating Agency’s evaluation of the creditworthiness of the City. Such rating reflects only the view of the Rating Agency at the time the rating is given, and the City and the Underwriter make no representation as to the appropriateness of such rating. An explanation of the significance of the rating may be obtained only from the Rating Agency. The City furnished the Rating Agency with certain information and materials relating to the Series 2024 Certificates and the City that has not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the market price and marketability of the Series 2024 Certificates.

## 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 delivery of this Official Statement or the Series 2024 Certificates or the proceedings or authority under which they are to be delivered. 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 Declaration of Trust and the Lease.

## **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the “**Underwriter**”), has agreed to purchase the Series 2024 Certificates at a price of \$\_\_\_\_\_ (which is equal to the aggregate original principal amount of the Series 2024 Certificates, plus a net original issue premium of \$\_\_\_\_\_, less an underwriting discount of \$\_\_\_\_\_). The Underwriter is purchasing the Series 2024 Certificates for resale in the normal course of the Underwriter’s business activities. The Underwriter may sell certain of the Series 2024 Certificates at a price greater than such purchase price, as shown on the inside cover page hereof. The Underwriter reserves the right to offer any of the Series 2024 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine.

## **CERTAIN RELATIONSHIPS**

Gilmore & Bell, P.C., Special Tax Counsel to the City, has represented the Trustee and the Underwriter in transactions unrelated to the delivery of the Series 2024 Certificates but is not representing the Trustee or the Underwriter in connection with the delivery of the Series 2024 Certificates. Thompson Coburn LLP, counsel to the Underwriter, has represented the Trustee in transactions unrelated to the delivery of the Series 2024 Certificates but is not representing the Trustee in connection with the delivery of the Series 2024 Certificates.

## **MISCELLANEOUS**

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 2024 Certificates, the security for the payment of the Series 2024 Certificates and the rights of the Owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Underwriter; following delivery of the Series 2024 Certificates, copies of such documents may be examined at the offices of the Trustee. The information contained in this Official Statement has been compiled from official and other sources that are deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so 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 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 information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City, the Trustee or the Underwriter and the purchasers or Owners of any Series 2024 Certificates.

The form of this Official Statement, and its distribution and use by the Underwriter, has been approved by the City and the Trustee; however, the Trustee has made no warranty or representations regarding either the accuracy or sufficiency of any material contained herein. Neither the City nor the Trustee nor any of their officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City’s ability to make payments required of it under the Lease and the Declaration of Trust; and further, neither the City nor the Trustee nor their officers, directors or employees assume any duties, responsibilities or obligations in relation to the delivery of the Series 2024 Certificates other than those either expressly or by fair implication imposed on the City or the Trustee by the Lease and the Declaration of Trust.

The City has duly authorized the delivery of this Official Statement.

**CITY OF UNIVERSITY CITY, MISSOURI**

By: \_\_\_\_\_  
City Manager

**APPENDIX A**

**CITY OF UNIVERSITY CITY, MISSOURI  
ORGANIZATION, OPERATIONS AND FINANCIAL INFORMATION**



**CITY OF UNIVERSITY CITY, MISSOURI  
ORGANIZATION, OPERATIONS AND FINANCIAL INFORMATION**

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## THE CITY

### General

The City of University City, Missouri (the “City”), is a suburb of the City of St. Louis, Missouri, and is located in St. Louis County, Missouri (the “County”), on the western boundary of the City of St. Louis, Missouri. The total area of the City is approximately six square miles. The City’s population is estimated to be 34,850.

### Government

The City was incorporated in 1906 and has been a home-rule charter city since 1947. The City is governed under the Council/Manager form of government. The legislative body of the City is the City Council, which is comprised of six Councilmembers and a Mayor. The Mayor is elected at-large by the voters of the City for a term of four years. The City is divided into three wards, and two Councilmembers are elected from each ward for a four-year staggered term.

The current Mayor and members of the City Council are:

<u>Name</u>	<u>Office</u>	<u>Year Current Term Expires</u>
Terry Crow	Mayor	April 2026
Jeff Hales	Councilmember 1st Ward	April 2028
Steve McMahon	Councilmember 1st Ward	April 2026
John Samuel Tieman	Councilmember 2nd Ward	April 2028
Dennis Fuller	Councilmember 2nd Ward	April 2026
Bwayne Smotherson	Councilmember 3rd Ward	April 2028
Stacy Clay	Councilmember 3rd Ward	April 2026

The City Council and Mayor appoint the City Manager and City Clerk and enact legislation to protect the health, safety, and general welfare of the citizens of the City. The City Manager directly supervises all City government agencies and departments, except the library, and also serves as chief advisor to the City Council. Gregory Rose has served as City Manager since 2017, and LaRette Reese has served as City Clerk since 2018.

The City’s major operations include police and fire protection, street maintenance and improvements, parks and recreation, public works and general administrative services.

### Employees and Employee Relations

The City has 225 full-time employees. The City’s administration characterizes the City’s relationship with its employees as a good relationship. The City’s police officers are represented by the Eastern Missouri Coalition of Police, Fraternal Order of Police, Lodge 15 (“**Lodge 15**”), and the City’s firefighters are represented by the University City Fire Department Shop of the International Association of Firefighters, Local 2665 (“**Local 2665**”). The contract with Lodge 15 expires on February 28, 2025, and the contract with Local 2665 expires on August 31, 2025. Missouri law prohibits public employees from striking. The City has no record of any work stoppages or other labor disputes.

### Employee Retirement Plans

The City maintains two single-employer defined benefit pension plans: one for police and firefighters (the “**Police and Firefighters Plan**”) and the other for non-uniformed employees (the “**Non-Uniformed Employees’ Plan**,” and together with the Police and Fireman’s Plan, the “**Plans**”).

The Police and Firefighters Plan covers all of the City’s police officers and firefighters and is funded by a pension tax levy. Employees do not contribute to the Police and Firefighters Plan. For the fiscal year ended June 30, 2023, the City’s contribution to the Police and Firefighters Plan from the pension tax levy was \$1,645,156.

The Non-Uniformed Employees’ Plan covers substantially all full-time employees of the City not covered by the Police and Firefighters Plan and is funded by employee and City contributions. Non-uniformed employees are required to contribute 3% of their annual salaries to the Non-Uniformed Employees’ Plan, and the City contributes an actuarially-determined amount. For the fiscal year ended June 30, 2023, the City’s contribution to the Non-Uniformed Employees’ Plan was \$951,345.

The Plans do not issue separate standalone financial reports. Instead, the financial information is included as trust funds in the City’s basic financial statements. The trust funds are known as the Police and Firefighters Retirement Fund and the Non-Uniformed Employees Retirement Fund. For more information about the composition of the Police and Firefighters Retirement Fund, see Section 130.330 of the City’s Municipal Code. For more information about the composition of the Non-Uniformed Employees Retirement Fund, see Section 130.710 of the City’s Municipal Code. For more information about the Plans, including the City’s net pension liability and pension expense, see Note E to the City’s financial statements, which are included as *Appendix B* to this Official Statement.

**Other Postemployment Benefits**

In addition to the Plan, many state and local governments, including the City, provide other postemployment benefits (“**OPEB**”) as part of the total compensation offered to attract and retain the services of qualified employees. For information specific to the City’s OPEB obligations, including its assumptions as to future healthcare and other costs, see Note F to the City’s financial statements, which are included as *Appendix B* to this Official Statement.

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City, along with various other local governments, participates in the St. Louis Area Insurance Trust, an insurance trust for workers’ compensation and general liability matters. The City has also obtained commercial insurance to cover risks related to travel, public official liability, earthquakes, flooding and employee blanket bonds. Settled claims have not exceeded coverage in any of the past three years. For more information regarding the City’s risk management, see Note H to the City’s financial statements, which are included as *Appendix B* to this Official Statement.

**Population**

**Total Population.** The following table sets forth population statistics for the State of Missouri (the “**State**”), the County and the City since 1990:

<u>Year</u>	<u>State</u>	<u>County</u>	<u>City</u>
2020	6,154,913	1,004,125	35,065
2010	5,988,927	998,954	35,371
2000	5,595,211	1,016,315	37,462
1990	5,117,073	993,529	40,087

Source: U.S. Census Bureau.

**Population by Age.** The following table sets forth certain population information by age for the State, the County and the City:

<u>Age</u>	<u>State</u>	<u>County</u>	<u>City</u>
Under 5	360,175	57,011	2,016
5-19 years	1,180,009	187,729	4,755
20-24 years	415,129	61,772	3,552
25-44 years	1,583,002	251,382	9,969
45-64 years	1,553,624	257,522	8,128
65 and over	<u>1,062,483</u>	<u>184,287</u>	<u>6,430</u>
Total	<u>6,154,422</u>	<u>999,703</u>	<u>34,850</u>
Median Age	38.8	40.2	38.4

Source: U.S. Census Bureau 2018-2022 American Community Survey 5-Year Estimates.

## Employment

**Types of Employment.** The following table sets forth information relating to the average composition of employment in the County for 2022 (the last year for which such information is available):

<u>Industry</u>	<u>Employees</u>
Agriculture, forestry, fishing, hunting and mining	2,279
Construction	23,646
Manufacturing	49,282
Wholesale trade	14,408
Retail trade	50,267
Transportation, warehousing, and utilities	26,179
Information	10,490
Finance, insurance, real estate, rental and leasing	49,321
Professional, scientific, management and administrative	67,759
Educational services, healthcare and social assistance	127,496
Arts, entertainment, recreation, accommodation and food services	39,145
Other services, except public administration	24,168
Public administration	15,552

Source: U.S. Census Bureau 2018-2022 American Community Survey 5-Year Estimates.

**Unemployment.** The following table sets forth preliminary 2024 employment figures, as reported in February 2024, for the State, the County and the City:

	<u>Civilian Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
State	3,096,747	2,973,755	122,992	4.0%
County	533,414	513,556	19,858	3.7
City	18,629	17,922	707	3.8

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Income

The following table sets forth information relating to per capita personal income<sup>(1)</sup> for the County and the State for the five most recent years for which such information is available:

<b><u>Per Capita Personal Income</u></b>		
<b><u>Year</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
2022	\$93,405	\$57,818
2021	87,474	56,073
2020	78,750	52,095
2019	71,970	48,401
2018	69,917	46,680

(1) "Per Capita Personal Income" is the total annual personal income of residents divided by the resident population as of July 1. "Personal Income" is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. "Net Earnings" is earnings by place of work - the sum of wage and salary disbursements (payrolls), other labor income, and proprietors' income - less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Housing

The median value of owner-occupied housing units for the State, the County and the City are as follows:

<b><u>Median House Value</u></b>	
State	\$199,400
County	249,400
City	303,600

Source: U.S. Census Bureau 2018-2022 American Community Survey 5-Year Estimates.

## DEBT STRUCTURE OF THE CITY

### General Obligation Indebtedness of the City

The City has no general obligation indebtedness outstanding.

### Overlapping Indebtedness

The following table sets forth the indebtedness of political subdivisions with boundaries overlapping the City as of May 1, 2024 and the percent attributable to the City based on 2023 assessed valuations. 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>Taxing Jurisdiction</u> <sup>(1)</sup>	<u>Outstanding General Obligation Indebtedness</u> <sup>(2)</sup>	<u>Approximate Percent Applicable to the City</u>	<u>Amount Applicable to the City</u>
St. Louis County	\$54,945,000	2.71%	\$ 1,489,010
University City School District	41,828,033	97.00	<u>40,573,192</u>
TOTAL			<u>\$42,062,202</u>

<sup>(1)</sup> Excludes taxing jurisdictions that do not have any general obligation debt outstanding.

<sup>(2)</sup> Excludes neighborhood improvement district bonds.

Source: St. Louis County Department of Revenue, taxing jurisdictions' records, Missouri State Auditor and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

### Debt Ratios and Related Information

Estimated Population (2022)	34,850
2023 Assessed Valuation	\$942,750,118
2023 Estimated Actual Valuation	\$4,544,446,772
Outstanding General Obligation Bonds ("Direct Debt")	\$0
Overlapping General Obligation Debt ("Indirect Debt")	\$42,062,202
Total Direct and Indirect Debt	\$42,062,202
Per Capita Direct Debt	\$0
Per Capita Estimated Actual Valuation	\$130,400.19
Ratio of Direct Debt to Assessed Valuation	0%
Ratio of Direct Debt to Estimated Actual Valuation	0%
Per Capita Direct and Indirect Debt	\$1,206.95
Ratio of Direct and Indirect Debt to Assessed Valuation	4.46%
Ratio of Direct and Indirect Debt to Estimated Actual Valuation	0.93%

### Legal Debt Capacity

Article VI, Sections 26(b) and 26(c) of the Missouri Constitution limit the net outstanding amount of authorized general obligation bonds, exclusive of neighborhood improvement district bonds and notes, for a city to 10% of the assessed valuation of the city. Article VI, Sections 26(d) and 26(e), however, provide that a city may, with the required voter approval, issue general obligation bonds in an amount not to exceed an additional 10% of the assessed valuation of the city for the purpose of acquiring rights-of-way; constructing, extending and improving streets and avenues; constructing, extending and improving sanitary or storm sewer systems; or purchasing or constructing waterworks or electric light plants. This additional 10% is permitted provided that the total general obligation indebtedness of a city, including neighborhood improvement district bonds and notes, does not exceed 20% of the city's assessed valuation. The City's legal debt limit, based on the City's 2023 assessed valuation, is \$188,550,023. The City currently has no general obligation bonds outstanding; therefore, the legal debt margin is \$188,550,023.

Obligations secured by annually appropriated funds, such as the Series 2024 Certificates, do not constitute an indebtedness for purposes of any charter, statutory or constitutional debt limit. Such obligations are payable solely from annually appropriated funds of a governmental body available therefor and neither taxes nor a specific source of revenue can be pledged to make payments on such obligations. Any increase in taxes required to generate sufficient funds with which to make payments on such obligations are subject to voter approval.

## Lease Obligations of the City

**Certificates of Participation.** Following the delivery of the Series 2024 Certificates, the Series 2024 Certificates will be the only certificates of participation outstanding. The annual debt service requirements for the Series 2024 Certificates are as follows:

<b>Fiscal Year</b>				
<b>Ending</b>				
<b>June 30</b>	<b>Principal Portion *</b>	<b>Interest Portion</b>	<b>Total</b>	
2025	\$ 810,000	\$	\$	
2026	555,000			
2027	585,000			
2028	610,000			
2029	645,000			
2030	675,000			
2031	710,000			
2032	745,000			
2033	780,000			
2034	820,000			
2035	860,000			
2036	905,000			
2037	950,000			
2038	995,000			
2039	1,045,000			
2040	1,100,000			
2041	1,155,000			
2042	1,210,000			
2043	1,270,000			
2044	1,335,000			
2045	1,400,000			
2046	1,470,000			
2047	1,545,000			
2048	<u>1,625,000</u>			
2049	<u>1,705,000</u>			
Totals	<u>\$25,505,000</u>	\$ _____	\$ _____	

**Other Leases.** The City entered into a lease agreement for golf carts in January 2020. The final payment of \$16,940 will be made in June 2024. The City has no other lease obligations.

## History of Debt Payment

The City has never defaulted on any indebtedness of the City and has never failed to appropriate funds for the payment of annually appropriated obligations.

## Future Debt

Except for the Series 2024 Certificates, the City does not have any plans to issue additional debt or enter into additional long-term lease obligations within the next two years.

\* Preliminary; subject to change.

## FINANCIAL INFORMATION CONCERNING THE CITY

### Accounting, Budgeting and Auditing Procedures

The City's government-wide financial statements follow the accrual basis of accounting, which is a comprehensive basis of accounting generally accepted in the United States of America. Under the accrual basis of accounting, revenues and expenditures are recognized as soon as the underlying event giving rise to the change occurs, regardless of when the actual cash is received or paid. The City's governmental fund financial statements follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available, and expenditures are generally recorded when a liability is incurred. However, debt service payments and expenditures related to claims and judgments are recorded only when payment is due.

An annual budget of estimated receipts and disbursements for the coming fiscal year is prepared under the direction of the City Council in accordance with Chapter 67 of the Revised Statutes of Missouri. The City's fiscal year is July 1 through June 30. The budget lists estimated receipts by fund and source and estimated disbursements by fund and purpose and includes a statement of the rate of levy per \$100 of assessed valuation required to raise each amount shown on the budget as coming from property taxes. The final annual budget is officially adopted by a majority vote of the City Council.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States of America. The City employs Sikich LLP as its auditors. A copy of the City's audit for the fiscal year ended June 30, 2023 is included as *Appendix B* to this Official Statement.

### Sources of Revenue

The City's General Fund, which finances its general operations, was funded through the following taxes and other sources of revenue as indicated below for the fiscal year ended June 30, 2023:

	<u>Amount</u>	<u>Percent of Total</u>
General Taxes	\$18,849,575	68.12%
Charges for Services	1,578,431	5.70
Intergovernmental	3,410,378	12.33
Licenses, Permits, Fines, Fees	2,717,867	9.82
Investment Income	301,751	1.09
Special Assessment	55,370	0.20
Other	<u>757,317</u>	<u>2.74</u>
Total	<u>\$27,670,689</u>	<u>100.00%</u>

Source: City's Audited Financial Statements for Fiscal Year Ended June 30, 2023.

### Retail Sales and Use Taxes

**Sales Taxes.** The City's largest source of revenue is from sales taxes, which include the City's 0.50% capital improvements sales tax, the City's 0.50% parks/stormwater sales tax, the City's 0.25% fire services sales tax and the City's 0.25% economic development sales tax. None of the City's sales taxes have a sunset. The City's capital improvements sales tax is subject to a countywide sales tax sharing pool, in which tax revenues are distributed to participating jurisdictions based on population. Proceeds of the capital improvements sales tax are deposited to the Capital Improvement Sales Tax Capital Projects Fund. The City's parks/stormwater, fire services and economic development sales taxes are "point-of-sale" taxes generated from taxable sales in the City. Additionally, the City receives its proportional shares of the County's 1.00% general



sales tax and the County’s 0.50% public safety sales tax (commonly referred to as “**Proposition P**”). Proceeds of Proposition P are deposited to the Public Safety Sales Tax Special Revenue Fund.

The following table shows the City’s retail sales tax collections for the last five fiscal years. Each sales tax is subject to a different statutory framework for determining the amounts to be retained by the City:

<b>Fiscal Year Ended June 30</b>	<b>0.50% Capital Improvements</b>	<b>0.50% Parks / Stormwater</b>	<b>0.25% Fire Services</b>	<b>0.25% Economic Development</b>	<b>1.00% County General</b>	<b>0.50% County Proposition P</b>
2023	\$2,760,269	\$1,680,852	\$840,426	\$943,207	\$6,046,269	\$2,237,170
2022	2,648,204	1,402,013	701,006	701,003	5,499,187	2,166,144
2021	2,401,915	1,305,273	652,635	652,634	5,042,428	1,917,301
2020	2,288,422	1,303,084	651,542	651,542	4,910,308	1,874,856
2019	2,336,831	1,357,597	678,797	678,776	5,034,500	1,928,383

Source: City’s Audited Financial Statements for Fiscal Years Ended June 30, 2019 through 2023; the City.

On April 4, 2023, voters approved a 3% retail sales tax on recreational marijuana sold within the City. Collections of this tax began on January 1, 2024. There are currently two dispensaries in the City. The City estimates the tax will generate approximately \$300,000 during the first full year it is in effect.

**Use Tax.** In April 1998, the voters of the City approved the imposition of a local use tax at the same rate as the City’s aggregate sales tax (currently 1.5%). The local use tax is imposed on the storage, use or consumption of tangible personal property in the City, and revenues from this tax are deposited to the General Fund and used for general operation purposes.

The following table shows the City’s local use tax collections for the last five fiscal years:

<b>Fiscal Year Ended June 30</b>	<b>1.5% Local Use<sup>(1)</sup></b>
2023	\$1,164,005
2022	944,886
2021	1,049,020
2020	920,425
2019	692,261

<sup>(1)</sup> The City believes the substantial increase in use tax collections in 2020 and 2021 was attributable to increased online purchases during the COVID-19 pandemic. The City believes the use tax collections declined in 2022 as more in-store purchases resumed. The City believes the increase in 2023 reflects the current trend toward on-line shopping over in-store purchases for many goods.

Source: City’s Audited Financial Statements for Fiscal Years Ended June 30, 2019 through 2023.

Although payment of the principal of and interest on the Series 2024 Certificates may be made, subject to annual appropriation, from any funds of the City legally available for such purpose, the City intends to annually budget and appropriate approximately 25% of such payments from the Capital Improvement Sales Tax Capital Projects Fund, approximately 25% from the Public Safety Sales Tax Special Revenue Fund and the remainder from the General Fund.

## Summary of Revenues and Expenditures

In accordance with established accounting procedures for governmental units, the City records its financial transactions under various funds. The City's primary operating fund is the General Fund, from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited.

The following table is a summary of the General Fund's revenues and expenditures for the last three fiscal years:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>			
General Taxes	\$18,849,575	\$16,751,663	\$15,929,589
Charges for Services	1,578,431	1,799,188	1,169,480
Intergovernmental	3,410,378	2,504,730	5,294,194
Licenses, Permits, Fines, Fees	2,717,867	2,529,970	2,176,574
Investment Income	301,751	27,915	53,190
Special Assessment	55,370	27,933	42,731
Other	<u>757,317</u>	<u>434,564</u>	<u>365,898</u>
<b>Total Revenues</b>	<u>\$27,670,689</u>	<u>\$24,075,963</u>	<u>\$25,031,656</u>
<b>Expenditures</b>			
Current:			
General Government	\$ 3,270,166	\$ 3,067,670	\$ 2,822,935
Public Safety	16,566,487	15,774,614	15,039,500
Public Works	4,207,079 <sup>(1)</sup>	2,703,757	2,663,014
Planning & Development	1,760,544	1,559,650	1,396,905
Parks, Recreation, Forestry	5,809,632 <sup>(1)</sup>	2,749,442	2,397,053
Capital Outlay	150,740	404,344	299,933
Debt Service:	0		
Principal	43,377	42,600	-
Interest & Fiscal Charges	<u>931</u>	<u>1,776</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$31,808,956</u>	<u>\$26,303,853</u>	<u>\$24,619,340</u>
<b>Revenues Over (Under) Expenditures</b>	\$ (4,138,267)	\$ (2,227,890)	\$ 412,316
<b>Other Financing Sources (Uses)</b>			
Insurance Recoveries	\$ 1,920,877 <sup>(1)</sup>	\$ 34,871	\$ 55,573
Proceeds from Sale of Assets	-	1,097,891	-
Transfers In <sup>(2)</sup>	4,962,344	3,983,819	1,170,003
Transfers Out	<u>(2,478,261)</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 4,404,960</u>	<u>\$ 5,116,581</u>	<u>\$ 1,225,576</u>
<b>Net Change in Fund Balance</b>	\$ 266,693	\$ 2,888,691	\$ 1,637,892
<b>Beginning Fund Balance</b>	<u>\$21,311,619</u>	<u>\$18,422,928</u>	<u>\$16,785,036</u>
<b>Ending Fund Balance</b>	<u>\$21,578,312</u>	<u>\$21,311,619</u>	<u>\$18,422,928</u>

<sup>(1)</sup> A significant flood in July 2022 damaged various City-owned facilities. The increases to "Public Works" and "Parks, Recreation, Forestry" reflect flood mitigation expenses and the costs of new vehicles, equipment and other assets.

<sup>(2)</sup> Interfund transfers were used to: (1) move revenues from the fund into which initially deposited to the appropriate fund for expenditures, as required by ordinance or budget, (2) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization, or (3) move revenues in excess of current year expenditures to other funds.

Source: City's Audited Financial Statements for Fiscal Years Ended June 30, 2021 through 2023.

**2024 Projected Results and 2025 Budget**

For the fiscal year ending June 30, 2024, the City approved a budget that includes General Fund revenues and expenditures of \$30,113,181 and \$30,744,129, respectively. Due to the City’s significant fund balances, the City Council elected to budget a small deficit rather than to cut City services to match revenues. The budget was amended on April 8, 2024 to recognize more unrealized gains than originally budgeted. Actual year-to-date revenues and expenditures are otherwise tracking with the original budget.

For the fiscal year ending June 30, 2025, the City expects to adopt a budget substantially similar to the budget for the current fiscal year, with the only notable difference being debt service on the Series 2024 Certificates.

**Property Valuations**

*Assessment Procedure.* All taxable real and personal property within the County is assessed annually by the County Assessor. State law requires that personal property be assessed at various levels up to 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 in every odd-numbered year, the 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 rolls each year and for submitting the tax rolls to the County 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.

*Historical Assessed Valuation.* The following table indicates the assessed valuation for the City as of December 31 of the following years:

<u>Year</u>	<u>Total</u>
2023	\$942,750,118
2022	822,510,214
2021	794,829,072
2020	749,549,739
2019	748,415,046

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Source: St. Louis County Department of Revenue.

**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, including locally assessed railroad and utility property and \$50,757,010 attributable to the incremental increase in assessed valuation within TIF Redevelopment Areas (as defined below) located within the City, as of January 1, 2023, as adjusted and finalized through December 1, 2023:

	<u>Total Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Total Estimated Actual Valuation<sup>(2)</sup></u>
Real Estate			
Residential	\$753,597,000	19%	\$3,966,300,000
Agricultural	0	12%	0
Commercial <sup>(1)</sup>	78,614,310	32%	245,669,719
State Assessed Railroad & Utility	<u>6,885,031</u>	32%	<u>21,515,722</u>
Total Real Estate	<u>\$839,096,341</u>		<u>\$4,233,485,441</u>
Personal Property <sup>(1)</sup>	\$102,531,700	33-1/3%	\$ 307,595,100
State Assessed Railroad	<u>1,122,077</u>	33-1/3%	<u>3,366,231</u>
Total Personal Property	<u>\$103,653,777</u>		<u>\$ 310,961,331</u>
<b>TOTAL</b>	<u><b>\$942,750,118</b></u>		<u><b>\$4,544,446,772</b></u>

<sup>(1)</sup> Includes locally assessed railroad and utility property.

<sup>(2)</sup> 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.

Source: St. Louis County Department of Revenue.

### Property Tax Levies and Collections

Property taxes are levied and collected for the City by the County, for which the County receives a collection fee of 1.5% of the gross tax collections made.

The City is required by law to prepare an annual budget, which must include 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 Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk no later than October 1 for entry in the tax books. Taxes are levied at the City’s tax rate per \$100 of assessed valuation. The State Auditor is responsible for reviewing the rate of tax to ensure that it does not exceed constitutional rate limits.

Real and personal property within the City is assessed by the County Assessor. The County Assessor is responsible for preparing the tax rolls each year and for submitting tax rolls to the County Board of Equalization. The County Board of Equalization has the authority to question and determine the proper value of property and then adjust and equalize individual properties appearing on the tax rolls. After local appeal procedures have been completed, the books are finalized and sent to the County Collector. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December.

The County Collector is required to make disbursements of collected taxes to the City each month. 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, January and February.

**Tax Abatement and Tax Increment Financing**

Under State law, tax abatement is available for redevelopers of areas determined by the governing body of a city to be “blighted.” The Land Clearance for Redevelopment Authority Law authorizes 10-year tax abatement pursuant to Sections 99.700 to 99.715 of the Revised Statutes of Missouri. In lieu of 10-year tax abatement, a redeveloper that is an urban redevelopment corporation formed pursuant to Chapter 353 of the Revised Statutes of Missouri may seek real property tax abatement for a total period of 25 years. In addition, Chapter 100 of the Revised Statutes of Missouri and Article VI, Section 27(b) of the Missouri Constitution authorize real and personal property tax abatement for corporations for certain projects. Currently, there are tax abatement projects located within the City. For the fiscal year ended June 30, 2023, the City’s abatement projects resulted in total abated taxes, for all affected taxing jurisdictions, of \$38,614.

In addition, the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city or county to be a “blighted area,” “conservation area,” or “economic development area,” each as defined in such statute.

Currently, certain portions of the City are located in tax increment financing redevelopment areas (“**TIF Redevelopment Areas**”). Tax increment financing does not diminish the amount of property tax revenues collected by the City in an affected area compared to prior to the establishment of a TIF Redevelopment Area but instead acts to freeze such revenues at current levels and deprives the City and other taxing districts of all or part of future increases in ad valorem real property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas (the “**TIF Increment**”). The TIF Increment is captured by the TIF Redevelopment Areas until the tax increment financing obligations issued are repaid or the tax increment financing period terminates.

**Tax Rates**

The following table shows the City’s property tax levies (including both the General Fund and Police/Fire pensions) by category (per \$100 of assessed valuation) for each of the last five calendar years:

<u>Year Ended December 31</u>	<u>Residential Real Estate</u>	<u>Commercial Real Estate</u>	<u>Personal Property</u>
2023	\$0.540	\$0.620	\$0.875
2022	0.581	0.620	0.875
2021	0.584	0.620	0.875
2020	0.610	0.620	0.875
2019	0.610	0.620	0.875

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Source: St. Louis County Department of Revenue, Collection Division.

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**Tax Collection Record**

The following table shows property tax collection information for the City for the last five fiscal years:

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy</b>	<b><u>Current Taxes Collected</u></b>		<b><u>Current &amp; Delinquent Taxes Collected<sup>(1)</sup></u></b>	
		<b><u>Amount</u></b>	<b><u>Percentage</u></b>	<b><u>Amount</u></b>	<b><u>Percentage</u></b>
2023	\$5,101,000	\$5,033,000	98.7%	\$5,098,000	99.9%
2022	5,099,000	4,912,000	96.3	4,912,000	96.3
2021	4,761,000	4,608,000	96.8	4,695,000	98.6
2020	4,753,000	4,539,000	95.5	4,600,000	96.8
2019	4,607,000	4,387,000	95.2	4,434,000	96.2

<sup>(1)</sup> Delinquent taxes are shown in the year payment is actually received.  
Source: City’s Audited Financial Statements for Fiscal Year Ended June 30, 2023.

**Major Property Taxpayers**

The following table sets forth the 10 largest property taxpayers in the City based upon local assessed valuation for the 2023 tax year.

<b><u>Taxpayer</u></b>	<b><u>Description of Business</u></b>	<b><u>2023 Assessed Value</u></b>	<b><u>% of Total Assessed Value</u></b>
MOP LLC	Apartment Building	\$11,780,000	1.25%
Gatesworth LLC	Retirement Community	10,385,600	1.10
The District St Louis LLC	Rental Property	6,206,820	0.66
Missouri American Water	Utility	5,817,980	0.62
VA7 Trilogy, LLC	Apartment Building	5,338,420	0.57
Costco Wholesale Corporation	Retail	3,928,600	0.42
MPAL Real Estate LLC	Assisted Living Facility	3,878,820	0.41
St. Louis Loop LLC	Real Estate Developer	3,640,740	0.38
Brentmoor Holdings LLC	Retirement Community	2,818,430	0.30
IPX Hampton Park Apartments LLC	Apartment Building	<u>2,737,640</u>	<u>0.29</u>
<b>TOTALS</b>		<b><u>\$56,533,050</u></b>	<b><u>6.00%</u></b>

Source: St. Louis County Department of Revenue.

**APPENDIX B**

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**



# **CITY OF UNIVERSITY CITY, MISSOURI**

## **Annual Comprehensive Financial Report**

**For The Year Ended June 30, 2023**





# **CITY OF UNIVERSITY CITY, MISSOURI**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

Prepared by:  
Finance Department

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## **INTRODUCTORY SECTION**



Administrative Services  
6801 Delmar Boulevard, University City, MO 63130

April 24, 2024

Honorable Mayor, Members of the City Council and  
Residents of University City:

Pursuant to City policy and in conformance with state law, the Annual Comprehensive Financial Report of the City of University City, Missouri (the City), for the fiscal year ended June 30, 2023, is hereby submitted. The report was prepared in conformance with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by an independent firm of licensed certified public accountants.

This report is the City's management representations concerning the finances of the City and, therefore, management assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentation. The City's Finance Department prepared this report and believes that the financial statements, supporting schedules, and statistical information fairly present the financial position and results of operations of the various funds and agencies of the City. We further believe that all presented data is accurate in all aspects and that all necessary disclosures have been included to enable the reader to gain an understanding of the City's financial activities.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The letter of transmittal is a complement to MD&A and should be read in conjunction with it.

## **PROFILE OF THE CITY**

University City (City) is an inner-ring suburb on the western boundary of the City of St. Louis, Missouri. The City is located in St. Louis County. It ranks third and sixth with respect to total population and assessed valuation in St. Louis County. The City was founded by Edward Gardner Lewis and was incorporated in 1906.

The form of government established by Charter is Council-Manager. The City Council is the legislative and governing body of the City. It consists of six Council members and the Mayor, all of whom are elected by the residents of the City. Council members are elected from three wards to serve four-year staggered terms. The Mayor is elected at large and serves a four-year term. The City Council and Mayor appoint the City Manager and City Clerk, and enact legislation to protect the health, safety, and general welfare of the citizens of the City. The City Manager directly supervises all City government agencies and departments, except the Library, while also serving as chief advisor to the City Council.

The City is considered a residential community with a diverse population. There are approximately 35,065 residents (U.S. Census Bureau 2021) and 15,600 housing units in the City. The population density is 6,000 inhabitants per square mile. The area of the City is approximately 6 square miles.

The City provides a full range of municipal services for its citizens. These include public safety (police and fire), streets, sanitation (solid waste), parks and recreation, public improvements, planning and development, and general administrative services. The City defines its financial reporting entity in accordance with the provisions of Governmental Accounting Standards Board (GASB) Cod. Sec. 2100. GASB requirements for inclusion of component units are primarily based on whether the City's governing body has any significant amount of financial accountability for Potential Component Units (PCU). The City has determined that its financial reporting entity consists of the City (the primary government) and two blended component units: the University City Loop Special Business District and the Parkview Gardens Special Business District.

The City established a not-for-profit corporation, the Industrial Development Authority, formed under RSMo Chapter 349, The Industrial Development Corporations Act. It is designed to help attract industrial development and economic expansion in the City.

In addition to City funds, the City has a fiduciary responsibility as trustee for assets of the City's two Pension Funds (Non-Uniformed and Police & Firefighter) and other miscellaneous deposits.

### **DISCRETE COMPONENT UNIT**

The City is financially accountable for the one legally separate entity that is a discretely presented component unit. The Land Clearance for Redevelopment Authority that may prepare, recommend, and carry out the redevelopment plan as needed.

### **ECONOMIC CONDITION AND OUTLOOK**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment the City operates within.

**Local Economy.** Known for a diverse mix of retail and restaurant establishments and cultural activities, the City is a regional destination in the St. Louis region. It is located north of Washington University Saint Louis, west of the City of St. Louis, and near major transportation corridors making access to City attractions convenient. Most commercial development is located along two major thoroughfares: Olive Boulevard and Delmar Boulevard. These two roadways run parallel to each other, traversing the City from East to West. The City's economy is also supported by secondary business districts and neighborhood serving commercial districts. The City is fully landlocked and developed as a stable residential community with a large variety of housing types that contribute to growth in residential and commercial assessed values. The City's future growth continues to be in the development and redevelopment of business and residential areas.

**Long-term Financial Planning.** Each year the City updates its five-year capital improvement plan. Projects totaling over \$24.9 million are planned for the fiscal years 2024 through 2028. The City confines long-term borrowing to capital improvements or projects that cannot be financed from current revenues, and where the issuance of long-term debt is required. The bonds are paid back within a period not to exceed the expected useful life of the project. Projects for which bonds have been issued include expansion and renovation of the City's recreational facility, renovation of City Hall, and renovation of Fire Station #2. A general obligation property tax levy repays a small issuance of debt related to City Hall renovations. The City paid off the certificates of participation in January of 2020. The City is currently working with an architectural and design firm to renovate the police annex and Trinity building. To complete this project, the City would look to issuance of long-term debt.

## **FINANCIAL MANAGEMENT AND CONTROLS**

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

### **Budgetary Controls**

The annual budget serves as a foundation for the City's financial planning and control. All of the departments of the City are required to submit requests for appropriation to the City Manager who uses these requests as a starting point for development of a proposed budget. The Finance Director presents to the City Manager estimates detailing the various revenues, grants, bond proceeds, and other funding sources that are anticipated. The City Manager presents a proposed budget to the City Council who holds work sessions and a public hearing prior to adopting a budget in June. The budget is prepared by fund; broken down further by department, programs, or projects within the department; then object of expenditures within programs; and finally, line items within objects. Budget transfers up to \$25,000 within the same department and fund are approved by the City Manager. Transfers over \$25,000, or between departments or funds, are approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriate annual budget has been adopted. For the General Fund, this comparison is presented as required supplemental information. For other governmental funds that have an adopted budget, comparison schedules are found in other supplemental information.

## **OTHER INFORMATION**

### **Independent Audit**


The City's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of this independent audit was to provide reasonable assurance that the basic financial statements of the City for the year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall basic financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

**Awards and Acknowledgments.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

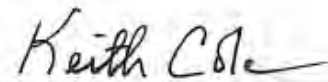
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the various departments who assisted and contributed to the preparation. Further appreciation is extended to the Mayor and the City Council for their encouragement, interest, and support in conducting the financial operations of the City in a sound and progressive manner. The professional assistance of the City's auditors is also worthy of mention.

Respectively submitted,



---

Gregory E. Rose  
City Manager



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Keith Cole  
Director of Finance



# **CITY OF UNIVERSITY CITY, MISSOURI**

## **List of Principal City Officials**

As of June 30, 2023

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### **MAYOR**

Terry Crow

### **COUNCIL MEMBERS - WARD ONE**

Jeff Hales

Steve McMahon

### **COUNCIL MEMBERS - WARD TWO**

Aleta Klein

Dennis Fuller

### **COUNCIL MEMBERS - WARD THREE**

Stacy Clay

Bwayne Smotherson

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### **CITY MANAGER**

Gregory Rose

### **ASSISTANT CITY MANAGER**

Brooke Smith - Deputy City Manager

#### **City Clerk**

LaRette Reese

#### **Director of Parks, Recreation, and Forestry**

Darin Girdler (Interim)

#### **Police Chief**

Larry Hampton

#### **Director of Planning and Development**

John Wagner

#### **Fire Chief**

William Hinson

#### **Director of Public Works**

Darin Girdler

#### **Director of Finance**

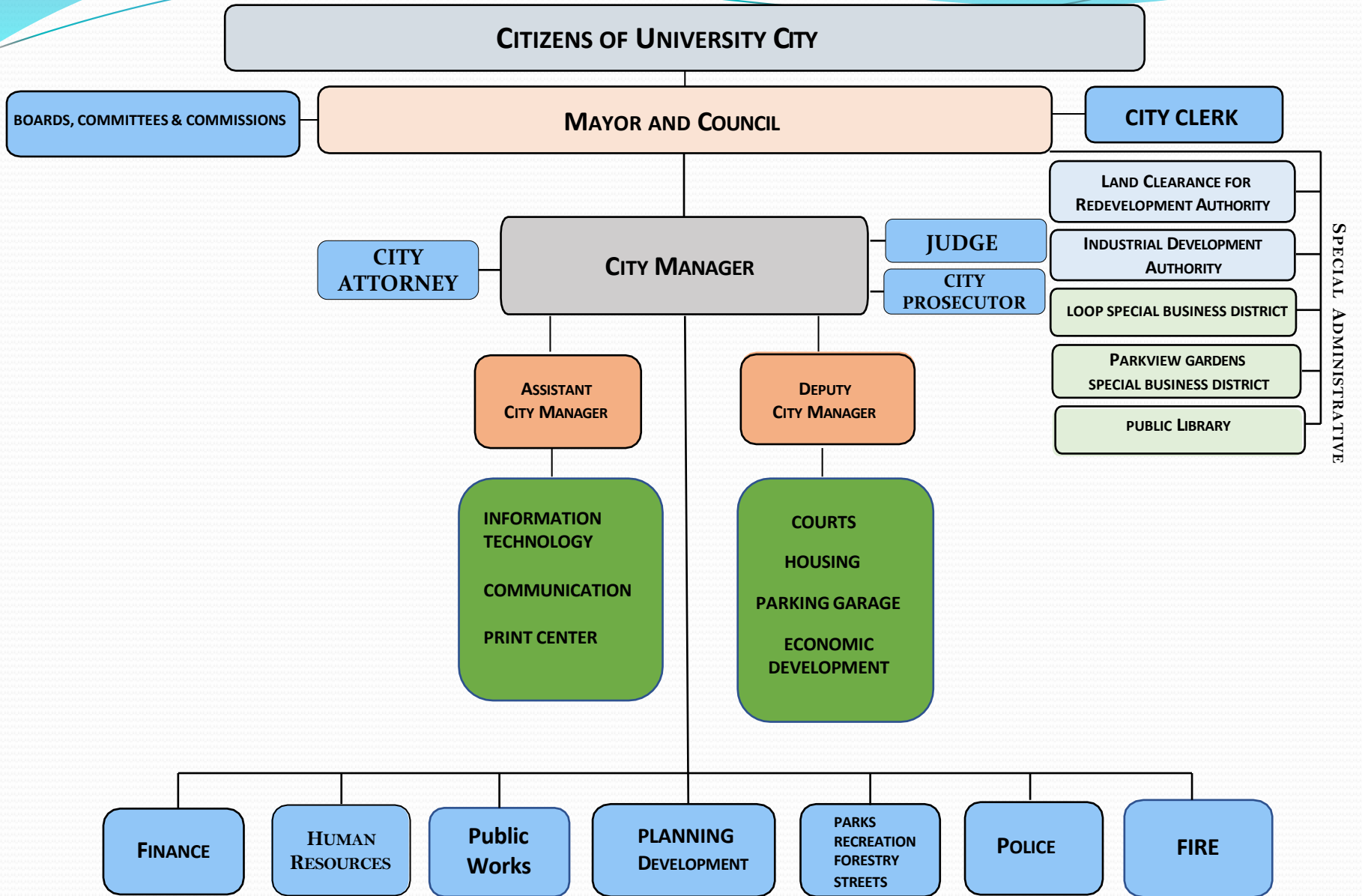
Keith Cole

#### **City Attorney**

John Mulligan

#### **Director of Human Resources**

Amy Williams





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of University City  
Missouri**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council  
City of University City, Missouri

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of University City, Missouri (the City), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of University City, Missouri as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Govern-ment Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## *Other Matters*

### *Required Supplemental Information*

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

The City has omitted the schedules of changes for the net pension liability and related ratios, pension contributions, and annual money-weighted return on investments for the year ended June 30, 2014 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Sikich LLP*

St. Louis, Missouri  
April 24, 2024



This section of the City of University City, Missouri's (the City) financial report presents an easily readable analysis of the City's financial activities based on currently known facts, decisions, and conditions. For a comprehensive understanding of the financial statements, please review the City's financial statements, including the footnotes that follow the Management's Discussion and Analysis (MD&A).

### **FINANCIAL HIGHLIGHTS** (excluding discretely presented component unit)

- On a government-wide basis, the City's total liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2023 by \$17.5 million. Of this amount, negative \$84.1 million is unrestricted.
- As of June 30, 2023, governmental activities and business-type activities had net positions of negative \$20.1 million and positive \$2.6 million, respectively.
- The City's net position decreased by \$20.1 million from fiscal year 2022. For governmental activities, expenses exceeded revenues by \$21.6 million. For the business-type activities, revenues exceeded expenses by \$1.5 million.
- General revenues and transfer for governmental activities were \$35.1 million which included \$15.8 million of sales and local use and \$6.9 million of gross receipts taxes. Property taxes accounted for \$5.2 million of general revenues.
- Expenses from various functions of the City's governmental and business-type activities totaled \$68.9 million in fiscal year 2023, an increase of \$14.5 million from fiscal year 2022.
- The City's total long-term debt obligations increased by \$28.9 million as compared to fiscal year 2022.
- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$41.6 million, an increase of \$6.4 million from \$35.2 million reported in fiscal year 2022. Of this amount, \$15.6 million is unassigned fund balance and available for spending at the City's discretion.
- The unassigned fund balance for the General Fund was \$15.6 million or 48.9% of total General Fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's financial position in a manner similar to that of a private-sector business. These statements are reported on the full accrual basis of accounting. Under the full accrual basis, certain revenues and expenses are reported that will not affect cash flows until future periods. The two government-wide statements, Statement of Net Position and Statement of Activities, report the City's net position and how they have changed. In the government-wide statements, a distinction is made between governmental-type activities and business-type activities. Governmental-type activities are those normally associated with the operation of a government such as public safety, parks, and streets. Business-type activities are those activities of the government that are designed to be self-supporting such as the City's parking garage, golf course, and solid waste services.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources; the difference between these is reported as net position. Evaluating increases and decreases in net position over time may serve as a useful indicator of whether or not the financial position of the City is improving or declining. The Statement of Net Position also provides information on unrestricted and restricted net position and net investment in capital assets.

The Statement of Activities presents information on the net cost of each governmental and business-type function during the fiscal year. The statement also identifies the amount of general revenues needed to fully fund each governmental function.

The Statement of Activities presents the various functions of the City and the degree to which they are supported by charges for services, federal and state grants and contributions, tax revenues, and investment income.

The governmental activities of the City include general government, public safety (fire and police), public works, parks, recreation and forestry, and planning and development, as well as interest and fiscal charges. The business-type activities of the City include a parking facility, golf course, and solid waste.

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate redevelopment agencies. Financial information for these component units is reported separately from the financial information presented for the primary government.

**Fund Financial Statements.** The fund financial statements focus on major governmental funds and proprietary funds separately. These statements provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The City uses fund accounting to demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. The City has three types of funds: governmental funds, proprietary funds, and fiduciary funds.

1. **Governmental Funds** -- Governmental funds tell how general government services were financed in the short-term as well as what financial resources remain available for future spending to finance City programs.

The City maintains several individual governmental funds according to their type (General, Special Revenue, and Capital Projects). Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and other major funds. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements in the section of Other Supplemental Information.

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

- *Enterprise Funds* are used to report information similar to business-type activities in the government-wide financial statements. The City uses the Enterprise Funds to account for the operations of the parking garage, golf course, and solid waste.
- *Internal Service Funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses Internal Service Funds to account for its central garage activities.

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

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

**Required Supplemental Information (RSI).** In addition to basic financial statements and notes to financial statements, this report presents RSI concerning the City’s budgetary comparisons for the General, Public Safety Sales Tax, and Olive I-170 TIF Funds. Schedules for the Non-Uniformed and Police and Fire Pension Trust Funds and Other Post-employment Benefit Plans are also presented in this section.

**Other Supplemental Information.** The other supplemental information section includes budget comparison schedules for the other major funds, as well as combining and individual fund statements which provide fund level detail for all nonmajor governmental funds and related budgetary companion schedules.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS OF THE CITY

The City presents its financial statements pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*. Therefore, a comparative analysis of government-wide data will be included in this report.

### Analysis of Net Position

The City’s combined net position is approximately negative \$17.5 million. Reviewing the net position of governmental and business-type activities separately provides additional information.

The condensed Statement of Net Position was as follows (dollars in thousands):

	June 30						2023 Change	
	Governmental Activities		Business-type Activities		Total		Amount	Percent
	2023	2022	2023	2022	2023	2022		
<b>ASSETS</b>								
Current and other assets	\$ 47,168	39,667	1,378	624	48,546	40,291	8,255	20.5 %
Capital assets, net	43,149	44,769	3,579	3,198	46,728	47,967	(1,239)	(2.6)
Total Assets	90,317	84,436	4,957	3,822	95,274	88,258	7,016	7.9
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	3,782	4,412	108	404	3,890	4,816	(926)	(19.2)
<b>LIABILITIES</b>								
Noncurrent liabilities	105,058	76,187	507	1,252	105,565	77,439	28,126	36.3
Other liabilities	5,397	4,139	1,298	1,040	6,695	5,179	1,516	29.3
Total Liabilities	110,455	80,326	1,805	2,292	112,260	82,618	29,642	35.9
<b>DEFERRED INFLOWS OF RESOURCES</b>	3,782	3,158	635	766	4,417	3,924	493	12.6
<b>NET POSITION</b>								
Net investment in capital assets	43,015	44,484	3,562	3,165	46,577	47,649	(1,072)	(2.2)
Restricted	20,024	13,904	-	-	20,024	13,904	6,120	44.0
Unrestricted	(83,177)	(53,023)	(937)	(1,997)	(84,114)	(55,020)	(29,094)	(52.9)
Total Net Position	\$ (20,138)	5,365	2,625	1,168	(17,513)	6,533	(24,046)	(368.1) %

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. For the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$17.5 million at the close of the fiscal year 2023.

The largest portion of the City's net position, \$46.6 million, reflects its net investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities. The decrease of \$1 million in net investment in capital assets for 2023 is due to a flooding incident that occurred early in the fiscal year that destroyed several assets.

Included in the City's total net position is \$20.0 million which represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation. The remaining balance of total net position, (\$84.6) million, is unrestricted. This amount is negative related to the issuance of the tax increment revenue bond and refunding of tax increment financing note.

### **Changes in Net Position**

The City's total revenue on a government-wide basis was \$48.8 million, an increase of \$8.7 million or 21.6% as compared to FY 2022. This increase was primarily due to an increase of \$4.0 million from taxes, \$743 thousand in operating grants, \$653 thousand in intergovernmental, and \$2.2 million in other revenues.

The total cost of all programs and services was \$68.9 million, \$14.5 million or 26.6% higher than FY 2022 primarily due to an increase in expenses related to issuance of TIF debt in addition to increased expenses related to flood recovery. The City's expenses cover a range of typical city services. Various other fluctuations were as follows:

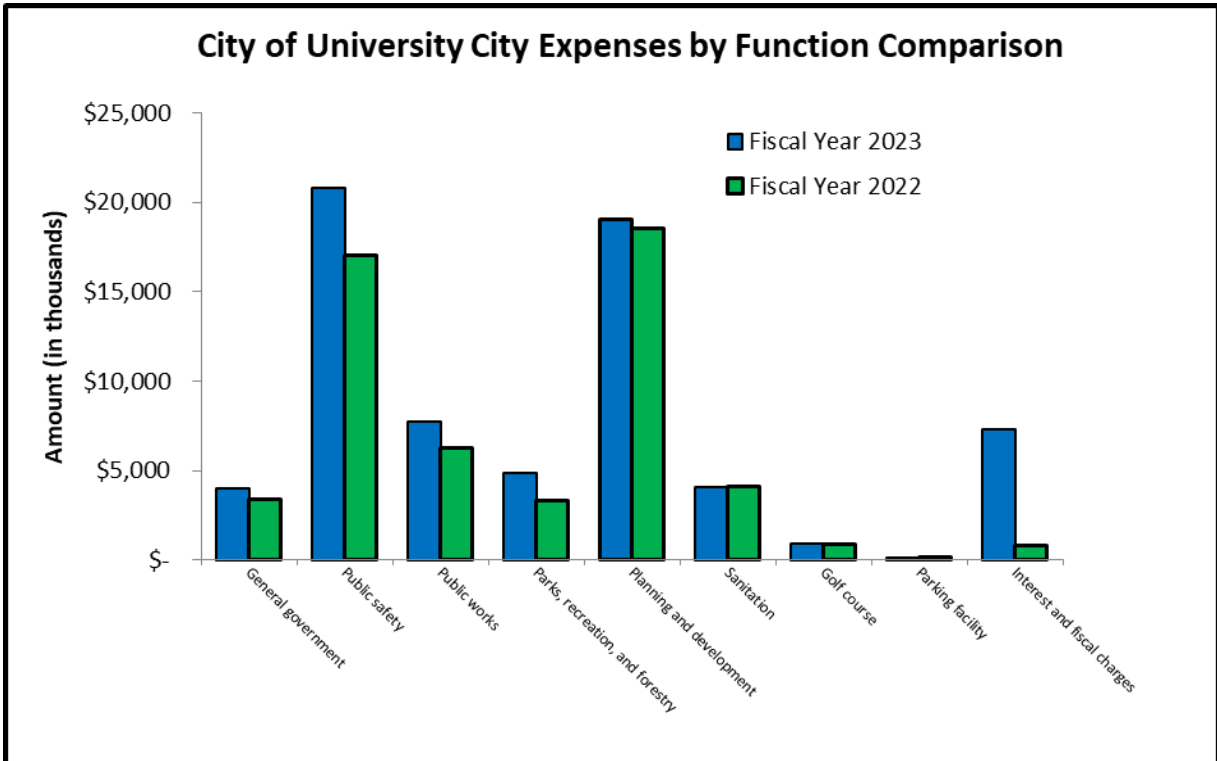
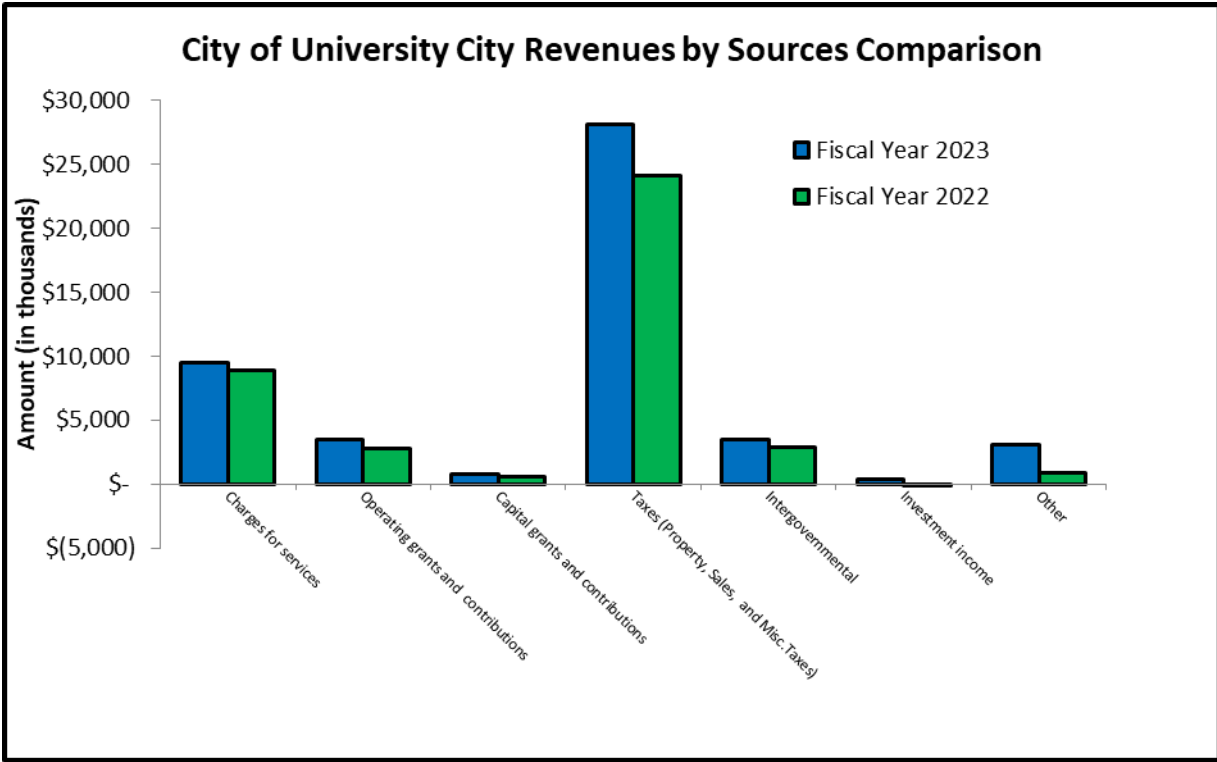
- Tax revenues for the year increased due to increased sales tax revenue as a result from a whole year's worth of collections from the TIF development.
- Investment income for the year increased due to opening several investment accounts related to the issuance of TIF bonds in the fourth quarter of the fiscal year.
- Other revenue increased for the year due to receiving insurance recovery funds from the flood which occurred in July 2022.

The City's Statement of Activities is as follows (dollars in thousands):

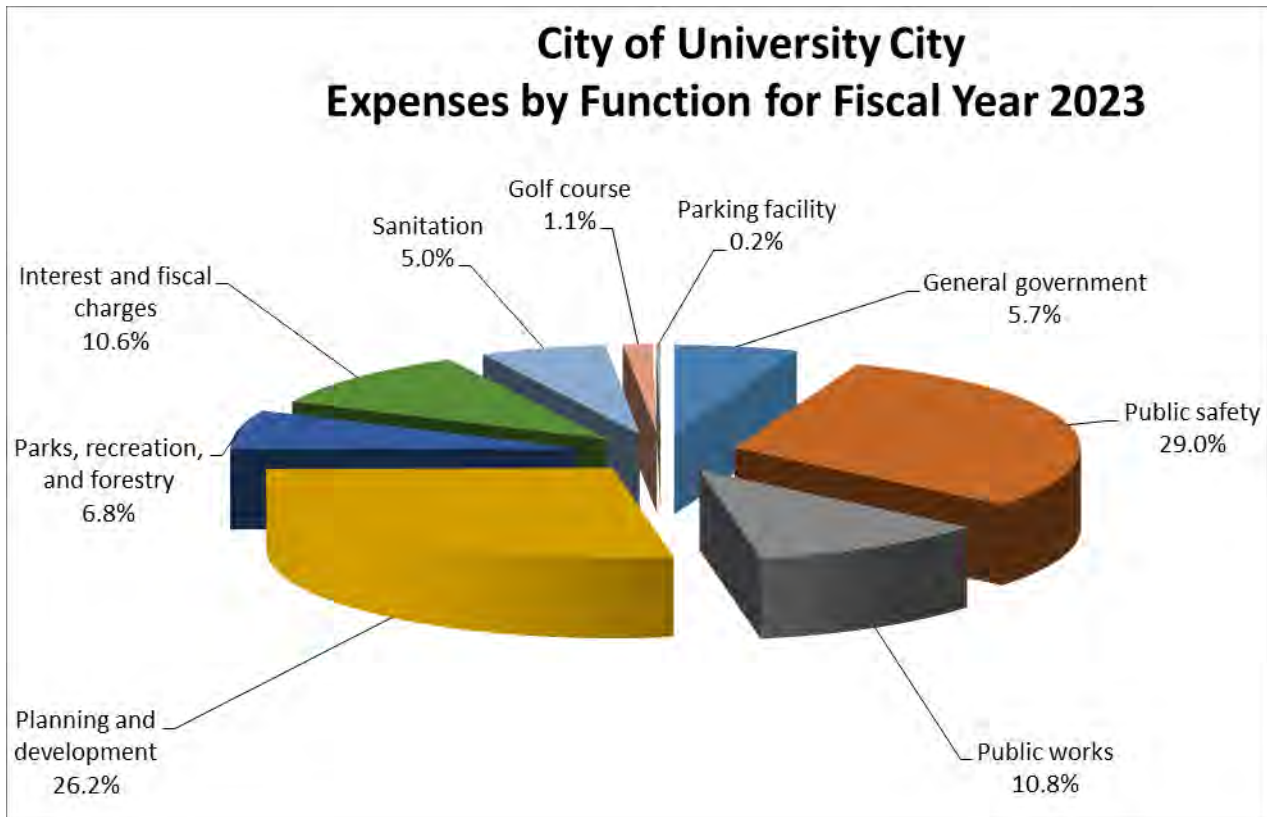
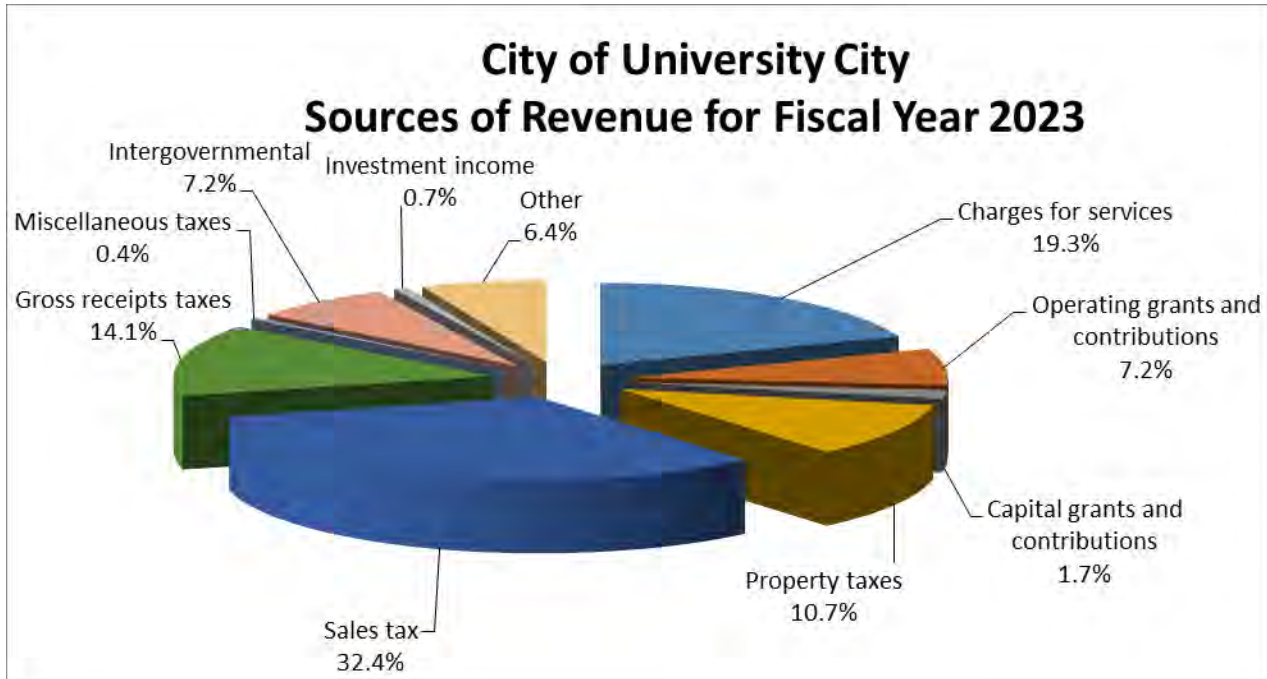
	For The Years Ended June 30						2023 Change	
	Governmental Activities		Business-type Activities		Total		Amount	Percent
	2023	2022	2023	2022	2023	2022		
<b>REVENUES</b>								
Program revenues:								
Charges for services	\$ 5,016	4,592	4,420	4,335	9,436	8,927	509	5.7 %
Operating grants and contributions	3,498	2,739	-	16	3,498	2,755	743	27.0
Capital grants and contributions	820	613	-	-	820	613	207	33.8
General revenues:								
Taxes	28,102	24,119	-	-	28,102	24,119	3,983	16.5
Intergovernmental	3,503	2,850	-	-	3,503	2,850	653	22.9
Investment income	349	(28)	3	7	352	(21)	373	(1,776.2)
Other	3,121	909	-	-	3,121	909	2,212	243.3
Total Revenues	<u>44,409</u>	<u>35,794</u>	<u>4,423</u>	<u>4,358</u>	<u>48,832</u>	<u>40,152</u>	<u>8,680</u>	21.6
<b>EXPENSES</b>								
General government	3,982	3,379	-	-	3,982	3,379	603	17.8
Public safety	20,824	17,021	-	-	20,824	17,021	3,803	22.3
Public works	7,718	6,265	-	-	7,718	6,265	1,453	23.2
Parks, recreation, and forestry	4,869	3,334	-	-	4,869	3,334	1,535	46.0
Planning and development	19,061	18,513	-	-	19,061	18,513	548	3.0
Interest and fiscal charges	7,314	792	-	-	7,314	792	6,522	823.5
Parking facility	-	-	137	144	137	144	(7)	(4.9)
Golf course	-	-	946	915	946	915	31	3.4
Sanitation	-	-	4,082	4,099	4,082	4,099	(17)	(0.4)
Total Expenses	<u>63,768</u>	<u>49,304</u>	<u>5,165</u>	<u>5,158</u>	<u>68,933</u>	<u>54,462</u>	<u>14,471</u>	26.6
<b>TRANSFERS</b>	<u>(2,199)</u>	<u>65</u>	<u>2,199</u>	<u>(65)</u>	<u>-</u>	<u>-</u>	<u>-</u>	-
<b>CHANGE IN NET POSITION</b>	<u>(21,558)</u>	<u>(13,445)</u>	<u>1,457</u>	<u>(865)</u>	<u>(20,101)</u>	<u>(14,310)</u>	<u>(5,791)</u>	<u>(40.5)</u>
NET POSITION, JULY 1	5,365	18,072	1,168	2,033	6,533	20,105	(13,572)	(67.5)
<b>RESTATEMENT</b>	<u>(3,945)</u>	<u>738</u>	<u>-</u>	<u>-</u>	<u>(3,945)</u>	<u>738</u>	<u>(4,683)</u>	<u>(634.6)</u>
<b>NET POSITION, JUNE 30</b>	<u>\$ (20,138)</u>	<u>5,365</u>	<u>2,625</u>	<u>1,168</u>	<u>(17,513)</u>	<u>6,533</u>	<u>(24,046)</u>	<u>(368.1) %</u>

The City had a decrease in net position of \$24 million based on current year activity. Reasons for the decline are discussed further in the Governmental Activities and Business-type Activities sections of the MD&A.

The charts below illustrate the comparison of 2023 and 2022 revenues by source and expenses by function.



The charts below illustrate the City's sources of revenue and expenses by percentages of total.



Property, sales, and gross receipts taxes totaling 57.2% are the primary revenue sources used to support City-wide program activities. As shown, planning and development is the largest function in expense (34.0%) of the total expenses of governmental activities.

**Governmental Activities** -- Governmental activities decreased the City's net position by \$25.5 million. This decrease in net position is attributed to the issuance of the tax increment financing bond and refunding of the tax increment note.

**Business-type Activities** -- Business-type activities increased the City's net position by \$1.5 million. The Parking facility decreased its net position by \$30 thousand as opposed to a decrease of \$24 thousand in the previous year. The Golf Course increased its net position by \$185 thousand as opposed to an increase of \$153 thousand in the previous year. The Solid Waste net position increased by \$1.3 million as opposed to a decrease of \$994 thousand in the previous year.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The governmental fund statements report on a near-term revenues/financial resources and expenditures basis. This information helps determine the City's financial requirements in the near future. In particular, unassigned fund balance is a good indicator of the City's resources available for spending at the end of the year. Restrictions on fund balance do not significantly affect the availability of fund resources for future use.

### *General Fund*

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$15.6 million, while the total fund balance was \$21.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 48.9% of total General Fund expenditures, while total fund balance represents 67.8% of that same amount. The fund balance of the General Fund increased by \$267 thousand during the current fiscal year. The increase was due to increased tax revenues which saw increased rates and higher property values.

### *Public Safety Sales Tax Fund*

The Public Safety Sales Tax Fund had a decrease in fund balance during the current year of \$1.2 million to bring the year-end fund balance to negative \$170 thousand. This decrease is mainly due to a \$419 thousand or 74% increase in transfers out and a decrease of \$500 thousand or 100% decrease in transfers in. The fund received no transfers during the year and also paid the police and fire pension contribution.

### *Olive I-170 TIF Fund*

The Olive I-170 TIF Fund had an increase in fund balance during the current year of \$5.1 million to bring the year-end fund balance to \$9.2 million. This increase is due to the Olive I-170 Redevelopment Tax Increment Financing Project and debt issued for it while also having an increase of \$1.6 million on general taxes from higher rates.

**Proprietary Funds.** Unrestricted net position of the Parking Garage, Golf Course, and Solid Waste Funds at the end of the year amounted to \$64 thousand, \$717 thousand, and (\$1.7) million, respectively, with an increase in total net positions of \$1.5 million. The Internal Service Fund, which is used to account for certain City activities, had (\$232) thousand in unrestricted net position.

**Fiduciary Funds.** The City maintains Fiduciary Funds for the assets of the City Non-Uniformed and Police and Fire Employee Retirement Plans. As of the end of fiscal year 2023, the net position of the Pension Funds totaled \$58.2 million, representing an increase of \$5.4 million in total net position over last fiscal year. The change was primarily related to an increase in the fair value of the Pension Funds' investments during 2023 of \$6.1 million. The investment market can vary from year to year.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City of University City's investment in capital assets for the end of 2023 was \$46.7 million, net of accumulated depreciation, in a broad range of capital assets including buildings, park facilities, equipment, roads, bridges, and sidewalks. This amount represents a net decrease for the current fiscal year (including additions and deductions) of \$1.2 million or 2.6% over the previous year. A significant portion of the decrease was due to depreciation. The following table shows the balances by category for governmental activities, business-type activities, and the City as a whole (dollars in thousands):

	June 30					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 8,990	8,990	76	76	9,066	9,066
Construction in progress	2,605	2,290	-	-	2,605	2,290
Buildings	7,510	8,282	1,704	1,787	9,214	10,069
Improvements other than buildings	7,536	8,203	960	1,039	8,496	9,242
Equipment	2,990	2,193	817	296	3,807	2,489
Infrastructure	13,465	14,812	-	-	13,465	14,812
Intangible	53	-	22	-	75	-
	<u>53</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>75</u>	<u>-</u>
Total Capital Assets Net Of Depreciation	<u>\$ 43,149</u>	<u>44,770</u>	<u>3,579</u>	<u>3,198</u>	<u>46,728</u>	<u>47,968</u>

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

### Long-term Debt Obligations

At the end of the fiscal year 2023, the City had outstanding long-term debt obligations in the amount of \$105.6 million compared to \$77.4 million in fiscal year 2022. The most significant changes are due to the refunding of the tax increment revenue note and issuance of the tax increment bond.

The City's governmental and business-type activities debt is detailed below (dollars in thousands):

	<b>June 30</b>		<b>2023 Change</b>	
	<b>2023</b>	<b>2022</b>	<b>Amount</b>	<b>Percent</b>
<b>Governmental activities:</b>				
Tax increment revenue bonds	\$ 45,760	-	45,760	- %
Tax increment revenue notes	43,345	58,500	(15,155)	(25.9)
Discount on bonds	(242)	-	(242)	-
Leases	134	286	(152)	(53.1)
Compensated absences	1,492	1,457	35	2.4
Net pension liability	13,834	14,946	(1,112)	(7.4)
Net OPEB liability	736	998	(262)	(26.3)
	<u>\$ 105,059</u>	<u>76,187</u>	<u>28,872</u>	37.9
<b>Business-type activities:</b>				
Leases	\$ 17	33	(16)	(48.5)
Compensated absences	97	81	16	19.8
Net pension liability	326	1,039	(713)	(68.6)
Net OPEB liability	67	99	(32)	(32.3)
	<u>\$ 507</u>	<u>1,252</u>	<u>(745)</u>	(59.5) %

## GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for the City's General Fund expenditures represents an increase of \$4.5 million from an original budget. Actual expenditures for the year were \$31.0 million, being under budget by \$1.6 million.

Revenues were originally budgeted at \$23.5 million with a final budget of \$28.4 million. Actual revenues for the year were \$27.6 million, which was under the final budget by \$789 thousand.

The General Fund ended the year with an operating budget basis surplus of \$891 thousand.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many of the financial impacts inflicted on the FY 2023 Annual Operating Budget will carry over to FY 2024 Annual Operating Budget including a large flood that destroyed assets in the beginning of FY 2023. The General fund experienced a \$891 thousand budget basis positive variance in FY 2023, which is more than the \$1.0 million deficit forecasted.

The adjustments made to increase budgeted expenditures in FY 2023, and increase budgeted revenues forecasted for the FY 2023 annual operating budget were made to respond to FY 2023 anticipated changes. The Mayor and Council will need to continue providing strong disciplined fiscal leadership if we are to endure the challenges associated from the flood that occurred July 26, 2022. The flood negatively impacted many of our operations and caused unanticipated spending from the General Fund. The fiscal year 2024 budget will take a conservative approach to funding the recovery of our operations as it anticipates two years to fully recover from the flood. We will continue to keep a close watch on the Solid Waste Fund. Reduced revenues will not be able to continue being absorbed without identifying a new revenue stream.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of University City  
Department of Finance  
6801 Delmar Boulevard  
University City, MO 63130

**CITY OF UNIVERSITY CITY, MISSOURI**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 36,804,395	3,255,881	40,060,276	18,861
Receivables, net:				
Taxes	4,405,732	-	4,405,732	-
Grants	308,309	420	308,729	-
Court	156,467	-	156,467	-
Leases	-	239,839	239,839	-
Other	2,466,391	171,289	2,637,680	-
Internal balances	2,323,955	(2,323,955)	-	-
Due from component unit	22,964	-	22,964	-
Inventory	106,049	33,177	139,226	-
Prepaid items	3,522	828	4,350	-
Assets held for resale	570,000	-	570,000	-
Capital assets:				
Land and construction in progress	11,595,148	76,001	11,671,149	-
Other capital assets, net of accumulated depreciation and amortization	31,553,599	3,502,910	35,056,509	-
Total Assets	<u>90,316,531</u>	<u>4,956,390</u>	<u>95,272,921</u>	<u>18,861</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB items	109,661	9,956	119,617	-
Pension items	3,672,303	98,128	3,770,431	-
Total Deferred Outflows Of Resources	<u>3,781,964</u>	<u>108,084</u>	<u>3,890,048</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	2,084,259	500,182	2,584,441	-
Accrued expenses	428,461	107,129	535,590	-
Due to fiduciary fund	94,674	-	94,674	-
Due to others	66,111	-	66,111	-
Due to primary government	-	-	-	22,964
Accrued interest payable	908,718	-	908,718	-
Deposits	530,915	13,381	544,296	-
Unearned revenue	1,283,435	677,218	1,960,653	-
Noncurrent liabilities:				
Due within one year	2,594,533	133,955	2,728,488	-
Due in more than one year	87,960,329	-	87,960,329	-
Due in more than one year - total OPEB liability	669,834	46,783	716,617	-
Due in more than one year - net pension liability	13,833,881	325,799	14,159,680	-
Total Liabilities	<u>110,455,150</u>	<u>1,804,447</u>	<u>112,259,597</u>	<u>22,964</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	-	223,262	223,262	-
OPEB items	299,438	27,187	326,625	-
Pension items	3,482,673	384,310	3,866,983	-
Total Deferred Inflows Of Resources	<u>3,782,111</u>	<u>634,759</u>	<u>4,416,870</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	43,015,085	3,562,338	46,577,423	-
Restricted for:				
Public safety	400,000	-	400,000	-
Special business districts	187,028	-	187,028	-
Sewer lateral	476,302	-	476,302	-
Economic development	3,350,680	-	3,350,680	-
Park and storm water	2,646,272	-	2,646,272	-
Capital projects	3,529,814	-	3,529,814	-
TIF districts	9,240,763	-	9,240,763	-
CALOP	154,265	-	154,265	-
Other	38,399	-	38,399	-
Unrestricted	(83,177,374)	(937,070)	(84,114,444)	(4,103)
Total Net Position	<u>\$ (20,138,766)</u>	<u>2,625,268</u>	<u>(17,513,498)</u>	<u>(4,103)</u>

**CITY OF UNIVERSITY CITY, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenues (Expenses) And Changes In Net Position			Component Unit
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 3,982,516	546,563	380,593	-	(3,055,360)	-	(3,055,360)	-
Public safety	20,823,786	1,746,121	197,864	360,616	(18,519,185)	-	(18,519,185)	-
Public works	7,717,772	2,270,479	2,605,760	455,971	(2,385,562)	-	(2,385,562)	-
Planning and development	19,061,296	367,999	-	-	(18,693,297)	-	(18,693,297)	-
Parks, recreation and forestry	4,868,996	84,641	313,838	2,725	(4,467,792)	-	(4,467,792)	-
Interest and fiscal charges	7,313,907	-	-	-	(7,313,907)	-	(7,313,907)	-
Total Governmental Activities	<u>63,768,273</u>	<u>5,015,803</u>	<u>3,498,055</u>	<u>819,312</u>	<u>(54,435,103)</u>	<u>-</u>	<u>(54,435,103)</u>	<u>-</u>
<b>Business-type Activities</b>								
Parking facility	137,042	178,285	-	-	-	41,243	41,243	-
Golf course	946,711	1,136,290	-	-	-	189,579	189,579	-
Sanitation	4,081,844	3,105,919	-	-	-	(975,925)	(975,925)	-
Total Business-type Activities	<u>5,165,597</u>	<u>4,420,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(745,103)</u>	<u>(745,103)</u>	<u>-</u>
Total Primary Government	<u>68,933,870</u>	<u>9,436,297</u>	<u>3,498,055</u>	<u>819,312</u>	<u>(54,435,103)</u>	<u>(745,103)</u>	<u>(55,180,206)</u>	<u>-</u>
<b>Component Unit</b>								
Development	\$ -	-	-	-	-	-	-	-
<b>General Revenues</b>								
Taxes:								
Property taxes					5,203,692	-	5,203,692	-
Sales and use taxes					15,801,187	-	15,801,187	-
Gross receipts taxes					6,905,374	-	6,905,374	-
Other taxes					191,849	-	191,849	-
Intergovernmental					3,502,975	-	3,502,975	-
Investment income					348,750	3,637	352,387	-
Other					3,120,946	-	3,120,946	-
<b>Transfers</b>					(2,198,826)	2,198,826	-	-
Total General Revenues And Transfers					<u>32,875,947</u>	<u>2,202,463</u>	<u>35,078,410</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>					(21,559,156)	1,457,360	(20,101,796)	-
NET POSITION JULY 1, RESTATED					<u>1,420,390</u>	<u>1,167,908</u>	<u>2,588,298</u>	<u>(4,103)</u>
NET POSITION, JUNE 30					<u>\$ (20,138,766)</u>	<u>2,625,268</u>	<u>(17,513,498)</u>	<u>(4,103)</u>

**CITY OF UNIVERSITY CITY, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General	Public Safety Sales Tax	Olive I-170 TIF	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 14,358,405	2,388,490	8,932,616	11,093,842	36,773,353
Receivables, net:					
Taxes	2,644,895	384,535	322,204	1,054,098	4,405,732
Grants	29,930	-	-	278,379	308,309
Court	156,467	-	-	-	156,467
Other	2,144,032	-	-	313,838	2,457,870
Due from other funds	2,225,639	262,890	-	246,562	2,735,091
Due from component units	22,964	-	-	-	22,964
Prepaid items	3,522	-	-	-	3,522
Advance to other funds	3,492,977	-	-	-	3,492,977
Assets held for resale	570,000	-	-	-	570,000
<b>Total Assets</b>	<b>\$ 25,648,831</b>	<b>3,035,915</b>	<b>9,254,820</b>	<b>12,986,719</b>	<b>50,926,285</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,053,012	135,298	-	709,514	1,897,824
Accrued liabilities	428,461	-	-	-	428,461
Due to other funds	262,891	90	14,057	404,914	681,952
Due to others	66,111	-	-	94,674	160,785
Advance from other funds	-	3,070,772	-	15,643	3,086,415
Deposits	530,915	-	-	-	530,915
Unearned revenue	465,874	-	-	817,561	1,283,435
<b>Total Liabilities</b>	<b>2,807,264</b>	<b>3,206,160</b>	<b>14,057</b>	<b>2,042,306</b>	<b>8,069,787</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues:					
Property tax	298,325	-	-	-	298,325
Court	89,395	-	-	-	89,395
Other	875,535	-	-	-	875,535
<b>Total Deferred Inflows Of Resources</b>	<b>1,263,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,263,255</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	3,522	-	-	-	3,522
Advance to other funds	3,492,977	-	-	-	3,492,977
Assets held for resale	570,000	-	-	-	570,000
Restricted for:					
Public safety	-	-	-	400,000	400,000
Special business districts	-	-	-	187,028	187,028
Grants	-	-	-	-	-
Sewer lateral	-	-	-	476,302	476,302
Economic development	-	-	-	3,350,680	3,350,680
Park and storm water	-	-	-	2,646,272	2,646,272
Capital projects	-	-	-	3,529,814	3,529,814
TIF districts	-	-	9,240,763	-	9,240,763
CALOP	-	-	-	154,265	154,265
Opioid Settlement	38,347	-	-	-	38,347
IDA	-	-	-	52	52
Committed for:					
Purchases on order	608,427	-	-	-	608,427
Debt Service	-	-	-	200,000	200,000
Assigned for:					
Purchases on order	636,794	-	-	-	636,794
Subsequent year's budget	671,948	-	-	-	671,948
Unassigned (Deficit)	15,556,297	(170,245)	-	-	15,386,052
<b>Total Fund Balances</b>	<b>21,578,312</b>	<b>(170,245)</b>	<b>9,240,763</b>	<b>10,944,413</b>	<b>41,593,243</b>
<b>Total Liabilities, Deferred Inflows Of Resources, And Fund Balances</b>	<b>\$ 25,648,831</b>	<b>3,035,915</b>	<b>9,254,820</b>	<b>12,986,719</b>	<b>50,926,285</b>

**CITY OF UNIVERSITY CITY, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

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Total Fund Balances - Governmental Funds	\$ 41,593,243
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$94,250,200 and the accumulated depreciation and amortization is \$51,358,909.	42,891,291
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.	1,263,255
The Internal Service Fund is used by the City to charge for services provided by the Central Garage Department to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.	25,424
Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:	
Net pension liability	(13,743,063)
Deferred outflows related to pensions	3,437,348
Deferred inflows related to pensions	(3,312,470)
Total OPEB liability	(724,896)
Deferred outflows related to OPEB	107,995
Deferred inflows related to OPEB	(294,888)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued interest payable	(908,718)
Accrued compensated absences	(1,476,996)
Bonds, notes payable, and leases outstanding	(89,238,121)
Discount on debt	241,830
Total Net Position Of Governmental Activities	<u><u>\$ (20,138,766)</u></u>

**CITY OF UNIVERSITY CITY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General	Public Safety Sales Tax	Olive I-170 TIF	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General taxes	\$ 18,849,575	2,237,170	1,965,439	6,626,609	29,678,793
Charges for services	1,578,431	-	-	566,428	2,144,859
Intergovernmental	3,410,378	-	-	4,275,544	7,685,922
Licenses, permits, fines, and fees	2,717,867	-	-	26,222	2,744,089
Investment income	301,751	2	46,898	169	348,820
Special assessment	55,370	-	-	-	55,370
Other	757,317	-	-	227,222	984,539
Total Revenues	<u>27,670,689</u>	<u>2,237,172</u>	<u>2,012,337</u>	<u>11,722,194</u>	<u>43,642,392</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,270,166	-	-	394,920	3,665,086
Public safety	16,566,487	614,431	-	1,099,921	18,280,839
Public works	4,207,079	-	-	1,514,218	5,721,297
Planning and development	1,760,544	-	16,328,196	591,706	18,680,446
Parks, recreation and forestry	5,809,632	-	-	-	5,809,632
Capital outlay	150,740	1,722,821	-	2,149,189	4,022,750
Debt service:					
Principal	43,377	108,872	-	-	152,249
Interest and fiscal charges	931	53,464	8,728,907	1,010	8,784,312
Issuance costs	-	-	2,230,583	-	2,230,583
Total Expenditures	<u>31,808,956</u>	<u>2,499,588</u>	<u>27,287,686</u>	<u>5,750,964</u>	<u>67,347,194</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,138,267)</u>	<u>(262,416)</u>	<u>(25,275,349)</u>	<u>5,971,230</u>	<u>(23,704,802)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	-	-	45,760,000	-	45,760,000
Refunding notes issued	-	-	58,746,208	-	58,746,208
Discount on bonds issued	-	-	(244,744)	-	(244,744)
Payment to refunding escrow agent	-	-	(73,901,661)	-	(73,901,661)
Insurance recoveries	1,920,877	-	-	-	1,920,877
Transfer in	4,962,344	-	-	900,000	5,862,344
Transfers out	(2,478,261)	(986,608)	-	(4,596,301)	(8,061,170)
Total Financing Sources (Uses)	<u>4,404,960</u>	<u>(986,608)</u>	<u>30,359,803</u>	<u>(3,696,301)</u>	<u>30,081,854</u>
<b>NET CHANGE IN FUND BALANCES</b>	266,693	(1,249,024)	5,084,454	2,274,929	6,377,052
FUND BALANCES, JULY 1	<u>21,311,619</u>	<u>1,078,779</u>	<u>4,156,309</u>	<u>8,669,484</u>	<u>35,216,191</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 21,578,312</u>	<u>(170,245)</u>	<u>9,240,763</u>	<u>10,944,413</u>	<u>41,593,243</u>



**CITY OF UNIVERSITY CITY, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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Net Change In Fund Balances - Governmental Funds \$ 6,377,052

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization \$3,647,076 exceeded the capitalization threshold of \$2,252,693 in the current period. (1,394,383)

The net effect of various transactions involving capital assets:  
 Cost of disposals, net of accumulated depreciation (124,415)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 203,136

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of notes payable (104,506,211)  
 Refunding of tax increment notes 73,901,661  
 Repayment of leases 152,459  
 Discount on bonds issued 244,744  
 Amortization of discount 2,914

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on debt 3,768,665  
 Accrued compensated absences (30,238)  
 Pension expense (99,512)  
 OPEB expense (16,788)

Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities in the statement of activities. (38,240)

Change In Net Position Of Governmental Activities \$ (21,559,156)

**CITY OF UNIVERSITY CITY, MISSOURI**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Parking Garage	Golf Course	Solid Waste		Internal Service Fund
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and investments	\$ 438,283	1,257,633	1,559,965	3,255,881	31,042
Receivables, net:					
Grant	-	-	420	420	-
Leases	239,839	-	-	239,839	-
Other	11,726	402	159,161	171,289	8,521
Prepays	-	828	-	828	-
Inventory	-	33,177	-	33,177	106,049
Total Current Assets	<u>689,848</u>	<u>1,292,040</u>	<u>1,719,546</u>	<u>3,701,434</u>	<u>145,612</u>
<b>Noncurrent Assets</b>					
Land and construction in progress	-	76,001	-	76,001	-
Capital assets, net of accumulated depreciation and amortization	1,694,807	823,395	984,708	3,502,910	257,456
Total Noncurrent Assets	<u>1,694,807</u>	<u>899,396</u>	<u>984,708</u>	<u>3,578,911</u>	<u>257,456</u>
Total Assets	<u>2,384,655</u>	<u>2,191,436</u>	<u>2,704,254</u>	<u>7,280,345</u>	<u>403,068</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB items	-	1,942	8,014	9,956	1,666
Pension items	-	21,131	76,997	98,128	234,955
Total Deferred Outflows Of Resources	<u>-</u>	<u>23,073</u>	<u>85,011</u>	<u>108,084</u>	<u>236,621</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	3,159	115,566	381,457	500,182	186,435
Accrued expenses	-	-	107,129	107,129	-
Due to other funds	182,146	73,088	1,662,159	1,917,393	135,747
Deposits	13,381	-	-	13,381	-
Unearned revenue	-	-	677,218	677,218	-
Lease - current portion	-	16,573	-	16,573	-
Total OPEB liability - current portion	-	3,911	16,138	20,049	-
Accrued compensated absences	-	34,820	62,513	97,333	15,328
Total Current Liabilities	<u>198,686</u>	<u>243,958</u>	<u>2,906,614</u>	<u>3,349,258</u>	<u>337,510</u>
<b>Noncurrent Liabilities</b>					
Advance from other funds	203,281	203,281	-	406,562	-
Total OPEB liability	-	9,126	37,657	46,783	11,184
Net pension liability	-	70,158	255,641	325,799	90,818
Total Noncurrent Liabilities	<u>203,281</u>	<u>282,565</u>	<u>293,298</u>	<u>779,144</u>	<u>102,002</u>
Total Liabilities	<u>401,967</u>	<u>526,523</u>	<u>3,199,912</u>	<u>4,128,402</u>	<u>439,512</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Leases	223,262	-	-	223,262	-
OPEB items	-	5,304	21,883	27,187	4,550
Pensions items	-	82,758	301,552	384,310	170,203
Total Deferred Inflows Of Resources	<u>223,262</u>	<u>88,062</u>	<u>323,435</u>	<u>634,759</u>	<u>174,753</u>
<b>NET POSITION</b>					
Net investment in capital assets	1,694,807	882,823	984,708	3,562,338	257,456
Unrestricted	64,619	717,101	(1,718,790)	(937,070)	(232,032)
Total Net Position	<u>\$ 1,759,426</u>	<u>1,599,924</u>	<u>(734,082)</u>	<u>2,625,268</u>	<u>25,424</u>

**CITY OF UNIVERSITY CITY, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Business-type Activities			Total	Governmental
	Parking Garage	Golf Course	Solid Waste	Enterprise Funds	Internal Service Fund
<b>OPERATING REVENUES</b>					
Charges for services	\$ 178,285	1,136,290	3,105,875	4,420,450	1,910,340
Other	-	-	44	44	-
Total Operating Revenues	<u>178,285</u>	<u>1,136,290</u>	<u>3,105,919</u>	<u>4,420,494</u>	<u>1,910,340</u>
<b>OPERATING EXPENSES</b>					
Personnel services	-	488,207	1,134,808	1,623,015	236,511
Contractual services	61,198	158,887	2,564,386	2,784,471	762,402
Supplies	517	149,088	156,846	306,451	13,038
Materials	-	-	-	-	969,789
Utilities	11,346	58,875	7,295	77,516	30,273
Other	-	-	968	968	13,933
Depreciation	60,473	74,452	202,964	337,889	133,168
Amortization - lease	-	12,998	-	12,998	-
Net pension adjustment	-	-	-	-	(236,657)
Total Operating Expenses	<u>133,534</u>	<u>942,507</u>	<u>4,067,267</u>	<u>5,143,308</u>	<u>1,922,457</u>
<b>OPERATING INCOME (LOSS)</b>	<u>44,751</u>	<u>193,783</u>	<u>(961,348)</u>	<u>(722,814)</u>	<u>(12,117)</u>
<b>NONOPERATING REVENUES</b>					
<b>(EXPENSES)</b>					
Investment income	3,637	-	-	3,637	-
Intergovernmental	-	-	-	-	-
Interest expense	(3,508)	(4,204)	-	(7,712)	-
Gain (loss) on sale of capital assets	-	-	(14,577)	(14,577)	(26,123)
Total Nonoperating Revenues (Expenses)	<u>129</u>	<u>(4,204)</u>	<u>(14,577)</u>	<u>(18,652)</u>	<u>(26,123)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>44,880</u>	<u>189,579</u>	<u>(975,925)</u>	<u>(741,466)</u>	<u>(38,240)</u>
TRANSFERS IN	-	-	2,278,261	2,278,261	-
TRANSFERS OUT	<u>(75,000)</u>	<u>(4,435)</u>	<u>-</u>	<u>(79,435)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>(30,120)</u>	<u>185,144</u>	<u>1,302,336</u>	<u>1,457,360</u>	<u>(38,240)</u>
NET POSITION, JULY 1	<u>1,789,546</u>	<u>1,414,780</u>	<u>(2,036,418)</u>	<u>1,167,908</u>	<u>63,664</u>
<b>NET POSITION, JUNE 30</b>	<u>\$ 1,759,426</u>	<u>1,599,924</u>	<u>(734,082)</u>	<u>2,625,268</u>	<u>25,424</u>

**CITY OF UNIVERSITY CITY, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Business-type Activities			Governmental Activities	
	Parking Garage	Golf Course	Solid Waste	Total Enterprise Funds	Internal Service Fund
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 174,448	1,136,460	3,074,946	4,385,854	1,904,237
Payments to suppliers	(73,502)	(301,737)	(2,529,899)	(2,905,138)	(1,717,820)
Payments to employees	-	(508,437)	(1,515,536)	(2,023,973)	(251,139)
Other receipts	-	-	44	44	-
Net Cash Provided By (Used In) Operating Activities	<u>100,946</u>	<u>326,286</u>	<u>(970,445)</u>	<u>(543,213)</u>	<u>(64,722)</u>
<b>Cash flows from noncapital financing activities:</b>					
Due to/from other funds	625	7,140	173,355	181,120	5,197
Transfers	(75,000)	(4,435)	2,278,261	2,198,826	-
Advance to/from other funds	(50,337)	(50,337)	(976,494)	(1,077,168)	-
Interest paid on advance from other funds	(3,508)	(3,508)	-	(7,016)	-
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(128,220)</u>	<u>(51,140)</u>	<u>1,475,122</u>	<u>1,295,762</u>	<u>5,197</u>
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets	-	(43,713)	(703,000)	(746,713)	(31,167)
Lease principal payments	-	(16,215)	-	(16,215)	-
Interest	-	(696)	-	(696)	-
Net Cash Used In Capital And Related Financing Activities	<u>-</u>	<u>(60,624)</u>	<u>(703,000)</u>	<u>(763,624)</u>	<u>(31,167)</u>
<b>Cash flows from investing activities:</b>					
Interest received	<u>3,637</u>	<u>-</u>	<u>-</u>	<u>3,637</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(23,637)</u>	<u>214,522</u>	<u>(198,323)</u>	<u>(7,438)</u>	<u>(90,692)</u>
CASH AND CASH EQUIVALENTS, JULY 1	<u>461,920</u>	<u>1,043,111</u>	<u>1,758,288</u>	<u>3,263,319</u>	<u>121,734</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u><u>\$ 438,283</u></u>	<u><u>1,257,633</u></u>	<u><u>1,559,965</u></u>	<u><u>3,255,881</u></u>	<u><u>31,042</u></u>

**CITY OF UNIVERSITY CITY, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Business-type Activities			Total	Governmental
	Parking Garage	Golf Course	Solid Waste	Enterprise Funds	Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 44,751	193,783	(961,348)	(722,814)	(12,117)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	60,473	74,452	202,964	337,889	133,168
Amortization	-	12,998	-	12,998	-
(Increase) decrease in:					
Lease receivables	160,065	-	-	160,065	-
Other receivables	(3,837)	170	(31,204)	(34,871)	(6,103)
Inventory	-	6,255	-	6,255	-
Prepaid items	-	-	-	-	-
Deferred outflows related to OPEB	-	101	2,349	2,450	2,859
Deferred outflows related to pensions	-	40,707	252,465	293,172	(134,302)
Increase (decrease) in:					
Accounts payable	(441)	58,858	282,133	340,550	71,615
Accrued expenses	-	-	(82,537)	(82,537)	-
Deposits	-	-	-	-	-
Unearned revenue	-	-	275	275	-
Accrued compensated absences	-	8,153	8,271	16,424	4,880
Total OPEB liability	-	(3,255)	(28,851)	(32,106)	(24,903)
Deferred inflows related to OPEB	-	4,395	17,272	21,667	2,537
Net pension liability	-	(94,040)	(619,183)	(713,223)	(176,446)
Deferred inflows related to pensions	-	23,709	(13,051)	10,658	74,090
Deferred inflows related to leases	(160,065)	-	-	(160,065)	-
Total Adjustments	56,195	132,503	(9,097)	179,601	(52,605)
Net Cash Provided By (Used In) Operating Activities	\$ 100,946	326,286	(970,445)	(543,213)	(64,722)

**CITY OF UNIVERSITY CITY, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION -**  
**PENSION TRUST FUNDS**  
**JUNE 30, 2023**

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**ASSETS**

Cash and investments:

Common stock	\$ 29,312,461
Exchange traded funds	13,415,786
Government securities	6,552,535
Money market funds	859,395
Corporate bonds	3,836,421
Cash	4,036,448

Total Cash And Investments 58,013,046

Interest receivable 72,221

Due from primary government 94,674

Total Assets 58,179,941

**LIABILITIES**

Accounts payable 14,053

Total Liabilities 14,053

**NET POSITION**

Restricted for pensions \$ 58,165,888

**CITY OF UNIVERSITY CITY, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**PENSION TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**ADDITIONS**

Contributions:	
Employee	\$ 246,293
Employer	2,596,501
Total Contributions	<u>2,842,794</u>
Investment income:	
Interest and dividends	863,493
Net appreciation (depreciation) in fair value of investments	6,119,459
Less - Investment management fees	<u>(64,641)</u>
Net Investment Income	<u>6,918,311</u>
Total Additions	<u>9,761,105</u>

**DEDUCTIONS**

Benefits	3,999,205
Refund of contributions	117,586
Administrative and other	<u>238,284</u>
Total Deductions	<u>4,355,075</u>

**CHANGE IN NET POSITION**

5,406,030

NET POSITION - RESTRICTED FOR PENSIONS, JULY 1

52,759,858

**NET POSITION - RESTRICTED FOR PENSIONS, JUNE 30**

\$ 58,165,888

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF UNIVERSITY CITY, MISSOURI** (the City) was incorporated on September 6, 1906 and established a Council-Manager form of government. The City's major operations include police and fire protection, street maintenance and improvements, parks and recreation, certain social services, and general administrative services.

The accounting and financial reporting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant policies:

### 1. **The Financial Reporting Entity**

The financial statements of the City include the financial activities of the City and any component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable or closely related to the City. The component units discussed below are included in the City's reporting entity. There are no separate financial statements prepared for the City's component units.

#### **Blended Component Units**

The following component units are legally separate from the City; however, their governing bodies are substantively the same as the City's and, consequently, they are, in substance, the same as the primary government. As such, the balances and transactions of these component units are blended into the accompanying basic financial statements and reported in a manner similar to the balances and transactions of the City itself.

**University City Loop Special Business District (LSBD) and Parkview Gardens Special Business District (PGSBD)** -- The LSBD and PGSBD were created by Ordinance of the City Council, organized and existing under the laws of the State of Missouri. The LSBD was established to promote retail trade activities and enhance the environment of an area within the City referred to as the Loop. The PGSBD was established to provide a mechanism for property owners to enhance their environment.

The City Council is responsible for imposing business license fees for the LSBD and for levying dedicated taxes to provide funding for both entities. Additionally, the City Council has the sole discretion as to how the revenues of these entities are to be utilized. The LSBD and PGSBD are presented as governmental fund types.

**Industrial Development Authority (IDA)** -- The IDA is a not-for-profit corporation established by resolution of the City Council and formed under RSMo Chapter 349, *The Industrial Development Corporations Act*. It is designed to develop, advance, encourage, and promote commercial industrial and manufacturing facilities in the City. The Mayor, with consent of the City Council, appoints the IDA Board of Directors. The City provides the IDA financial and administrative support. There was no significant financial activity for the IDA.



## **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **1. The Financial Reporting Entity (Continued)**

#### **Discretely Presented Component Units**

The discretely presented component unit columns in the basic financial statements include the financial data of the City's other component units. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City. The following entities are discretely presented in the basic financial statements as governmental fund types:

**Land Clearance for Redevelopment Authority (LCRA)** -- The LCRA was created by Ordinance of the City Council, as provided under the laws of the State of Missouri, and is administered by a Board of Commissioners appointed by the Mayor and City Manager with the advice and consent of the City Council. It was established to redevelop and improve deteriorated areas of the City. As required by State Statute, certain activities of the LCRA are required to be approved or presented to the City's governing body.

#### **Pension Plans**

The City's qualified employees participate in two single-employer defined benefit plans, Non-Uniformed Employees' retirement Fund and the Police and Firemen's Retirement Fund (the Plans). The Plans are fiduciary component units of the City. The Plans function for the benefit of these employees and are each governed by a seven member pension board appointed by the Mayor and City Council. The Non-Uniformed Employees' Retirement Fund is funded based on an actuarially determined amount, in addition to employees contributing 3% of their annual salary. The Police and Firemen's Retirement Fund is funded by a pension tax levy. In addition, the City contributes to the Plan which is based on an actuarially determined amount. The contributions made by the City to the Plans, create a financial burden on the City. The City is authorized to approve the actuarial assumptions used in the determination of contribution levels, which results in the Plans being fiscally dependent upon the City. The Non-Uniformed Employees' Retirement Fund and Police and Firemen's Retirement Fund are reported as a pension trust fund. The Plans do not issue separate stand-alone financial reports.

### **2. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **2. Government-wide and Fund Financial Statements (Continued)**

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

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

**Public Safety Sales Tax Fund** -- This fund is used to account for a revenue resource from the one-half cents Public Safety sales tax passed by voters in April 2017.

**Olive I-170 TIF Fund** -- This fund is used to account for the tax increment financing activities of the Market at Olive development.

The City reports the following major proprietary enterprise funds:

**Parking Garage Fund** -- The City established this fund to account for revenues and expenses related to the parking garage facilities. The City has voluntarily designated this fund as a major fund.

**Golf Course Fund** -- The City established this fund to account for revenues and expenses related to the golf course. The City has voluntarily designated this fund as a major fund.

**Solid Waste Fund** -- The City established this fund to account for revenues and expenses related to solid waste management, including refuse collection and recycling.

Additionally, the City reports the following fund types:

**Internal Service Fund** -- The Internal Service Fund is used to account for services provided to other departments of the City by the Fleet Maintenance Department. Charges for services are allocated to various City departments on a cost recovery basis.

**Pension Trust Funds** -- The Pension Trust Funds account for the activities of the Police and Firemen's Retirement Fund and the Non-Uniformed Employees' Retirement Fund which accumulates resources for pension benefit payments to qualified personnel.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Parking Garage Enterprise Fund, the Golf Course Enterprise Fund, the Solid Waste Enterprise Fund, and the City's Internal Service Fund are charges for sales and services. Operating expenses for enterprise funds and Internal Service Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### 4. Cash, Cash Equivalents, and Investments

The City maintains a cash and investment pool that is available for use by all funds. For purposes of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments are stated at fair value. Fair value for certain U.S. Government securities which mature within less than one year from purchase is determined by calculating amortized cost, which approximates fair value. Fair value for all other investments is based on quoted market prices.

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, and repurchase agreements. The Pension Trust Funds are authorized to invest in obligations of the U.S. Government or its agencies, other marketable equity and nonequity securities (not to exceed 5% of the trust fund in any one security), and other investments as approved by the Pension Trust Funds' Board of Trustees.

### 5. Allowance for Doubtful Accounts

Receivables are shown net of an allowance for uncollectibles. The governmental activities allowance totals \$954,331 consisting of court fines of \$425,689, ambulance billings of \$361,796, and miscellaneous billings \$166,846 in the General Fund. The business-type activities allowance consists of the Solid Waste Fund revenues of \$848,675.

### 6. Interfund Transactions

The City has the following types of transactions among funds:

**Transfers** -- Transfers of resources from a fund receiving revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses).

**Due To/From Other Funds** -- Current portions of long-term interfund loans receivable/payable are considered "available spendable resources" and are reported as assets and liabilities of the appropriate funds.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Interfund Transactions (Continued)**

**Advance To/From Other Funds** -- Long-term portions of interfund loans receivable/payable are reported as assets and liabilities of the appropriate fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported on the government-wide statement of net position as "internal balances."

**7. Inventory**

Inventories are valued at lower of cost or market (first-in, first-out) and the expense is recognized when inventories are consumed in operations. Inventories held for resale consist of golf pro shop merchandise, fleet maintenance parts, and fuel.

**8. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

**9. Capital Assets/Intangible Assets**

Capital assets which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items) are reported in the financial statements where applicable. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Infrastructure acquired prior to the implementation of GASB Statement No. 34 has not been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation and amortization is being computed on the straight-line method, using asset lives as follows:

<b>Assets</b>	<b>Years</b>
Buildings	25 - 50
Improvements other than buildings	5 - 20
Equipment	3 - 25
Infrastructure	5 - 35

## **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **9. Capital Assets/Intangible Assets (Continued)**

Intangible assets represent the City's right-to-use assets. These intangible assets, as defined by GASB, are for lease and subscription-based technology arrangements.

### **10. Compensated Absences**

City employees generally earn vacation at the rate of  $1\frac{1}{4}$  working days per month or 15 days per year. Regular full-time employees having completed 5 years of service are allowed vacation leave at the rate of  $1\frac{1}{3}$  working days per month or 16 days per year. Regular full-time employees having completed 10 years of service are allowed vacation leave at the rate of  $1\frac{1}{2}$  working days per month or 18 days per year. Regular full-time employees having completed 20 years of service are allowed vacation leave at the rate of 2 working days per month or 24 days per year. Regular full-time employees who are separated from service are compensated for vacation accrued up to the date of separation. The City recognizes compensated absences expense when earned by the employee. The entire compensated absences are accrued when incurred in the government-wide financial statements. For governmental funds, the expenditure for compensated absences is recorded in the fund when the employees who have accumulated unpaid leave are paid. A liability for these amounts is reported in the General Fund only if they have matured, for example, as a result of employee resignations and retirements.

### **11. Unearned Revenue**

Unearned revenue for the governmental funds is composed primarily of grant revenue and contributions received in advance of project expenditures having been incurred. Unearned revenue for the Solid Waste Fund is composed of billings in advance of services.

### **12. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of any applicable bond premium or discount.

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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**13. Deferred Outflows/Inflows of Resources (Continued)**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**14. Property Taxes**

The City's property taxes are levied each October based on the assessed valuation for all real and personal property located in the City as of the previous January 1. Taxes are billed in November and due and payable on or before December 31. Liens are placed on property for delinquent taxes on January 1 following the due date. The St. Louis County Assessment Board establishes assessed values.

Property taxes are recognized as receivable in the year that they attach as an enforceable lien and are levied. Funds utilizing the modified accrual basis of accounting treat property taxes receivable as unavailable revenue until the measurable and available criteria have been met (the year intended to finance and collected within 60 days after year end). On the accrual basis, property taxes are recognized as revenue in the year intended to finance, regardless of when collected.

For 2022, the City's tax rate levied per \$100 of assessed valuation was as follows:

	<u>Real Estate</u>		<u>Personal Property</u>	<u>Total</u>
	<u>Residential</u>	<u>Commercial</u>		
General Fund	\$ 0.4480	0.4870	0.6800	1.6150
Police and Fire Pension	0.1330	0.1330	0.1950	0.4610
Total City Tax Rate	<u>\$ 0.5810</u>	<u>0.6200</u>	<u>0.8750</u>	<u>2.0760</u>

**15. Grant Revenue**

Resources received by the City from other governments are accounted for within applicable funds based on the purpose and requirements of each grant. Revenues are recognized on an accounting basis consistent with the Fund's measurement objective.

Revenues related to expenditure-driven grants are recognized to the extent expenditures are incurred. Any excess or deficiency of grant revenues received compared to expenditures incurred is recorded as deferred revenue or amounts receivable from the grantor.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 16. Assets Held for Resale

The City records assets held for resale at the lower of cost or market value. The market value was determined based on an appraisal of the property.

### 17. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

### 18. Fund Balance/Net Position

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

**Nonspendable** -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

**Restricted** -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**Committed** -- The portion of fund balance established by formal action (ordinance) of the City Council, the highest level of decision-making authority.

**Assigned** -- The portion of fund balance that the City intends to use for a specific purpose as determined by the City Manager to which the City Council has designated authority through passage of ordinances.

**Unassigned** -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund. Deficit balances in other governmental funds are also reported as unassigned.

When an expenditure is incurred in governmental funds which may be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditure from the restricted fund balance first, followed by committed, assigned, and then unassigned fund balances.

The City's policy is to maintain unassigned fund balance in the General Fund of at least 17% of the budgeted expenditures.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets.



**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**19. Pensions**

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit plans (the Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE B - CASH AND INVESTMENTS**

**1. Deposits**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2023, the City's bank balances were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

As of June 30, 2023, the discretely presented component units' bank balances were entirely insured or collateralized with securities by the discretely presented component units or by their agents in the discretely presented component units' names.

**2. Investments**

As of June 30, 2023, the City had the following investments:

Investments	Fair Value	Maturities					Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	
<b>Primary Government</b>							
Government securities:							
U.S. Treasury Notes	\$ 2,022,898	-	2,022,898	-	-	-	AAA
U.S. Treasury N/B	1,012,180	-	-	1,012,180	-	-	AAA
	3,035,078	-	2,022,898	1,012,180	-	-	
Money Market	4,957,248						
Total Primary Government	\$ 7,992,326						

## NOTE B - CASH AND INVESTMENTS (Continued)

### 2. Investments (Continued)

#### Investment Policies

The City's investment policies are as follows:

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and diversifying the portfolio to reduce potential losses on individual securities.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

**Custodial Credit Risk** is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party acting as the City's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the City's name.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City minimizes concentration of credit risk by not investing more than 50% of the City's total investments in any single issuer.

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, money market funds, and investments in other pooled investments are exempt). Defined benefit plans are required to disclose investments in any one issue that represent 5% or more of total plan net position with the same exemptions as above. At June 30, 2023, the City had no investments with concentrations required to be identified.

## NOTE B - CASH AND INVESTMENTS (Continued)

### 3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities.

The City has the following recurring fair value level measurements as of June 30, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Primary Government</b>				
Investments by fair value level:				
U.S. Treasury Notes	\$ 2,022,898	2,022,898	-	-
US Treasury N/B	1,012,180	1,012,180	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Investments By Fair Value Level	<u>\$ 3,035,078</u>	<u>3,035,078</u>	<u>-</u>	<u>-</u>

## NOTE C - CAPITAL ASSETS

Capital asset activity for the governmental activities was as follows:

	<b>For The Year Ended June 30, 2023</b>			<b>Balance June 30 2023</b>
	<b>Balance June 30 2022</b>	<b>Increases</b>	<b>Decreases</b>	
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 8,990,256	-	-	8,990,256
Construction in progress	2,290,399	314,493	-	2,604,892
Total Capital Assets Not Being Depreciated	<u>11,280,655</u>	<u>314,493</u>	<u>-</u>	<u>11,595,148</u>
Tangible capital assets being depreciated:				
Buildings	20,840,853	-	27,165	20,813,688
Improvements other than buildings	14,350,235	-	-	14,350,235
Equipment	12,739,485	1,969,369	623,260	14,085,594
Infrastructure	38,310,452	-	-	38,310,452
Total Capital Assets Being Depreciated	<u>86,241,025</u>	<u>1,969,369</u>	<u>650,425</u>	<u>87,559,969</u>
Intangible assets being amortized:				
Equipment	441,091	-	-	441,091
Less - Accumulated depreciation for:				
Buildings	12,558,429	770,867	26,078	13,303,218
Improvements other than buildings	6,147,211	667,303	-	6,814,514
Equipment	10,793,741	802,141	499,932	11,095,950
Infrastructure	23,499,809	1,345,896	-	24,845,705
Total Accumulated Depreciation	<u>52,999,190</u>	<u>3,586,207</u>	<u>526,010</u>	<u>56,059,387</u>
Less - Accumulated amortization for:				
Equipment	194,037	194,037	-	388,074
Total Capital Assets Being Depreciated And Amortized, Net	<u>33,488,889</u>	<u>(1,810,875)</u>	<u>124,415</u>	<u>31,553,599</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,769,544</u>	<u>(1,496,382)</u>	<u>124,415</u>	<u>43,148,747</u>

## NOTE C - CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

	<b>For The Year Ended June 30 2023</b>
<b>Governmental Activities</b>	
General government	\$ 20,356
Public safety	658,248
Public works, including infrastructure	1,846,194
Parks and recreation	637,756
Community development	290,485
Fire	194,037
Capital assets held by the City's Internal Service Fund are charged to the various functions based on their usage of assets	133,168
Total Governmental Activities	<u>\$ 3,780,244</u>

Capital asset activity for the business-type activities was as follows:

	<b>For The Year Ended June 30, 2023</b>			
	<b>Balance June 30 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30 2023</b>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 76,001	-	-	76,001
Total Capital Assets Not Being Depreciated	76,001	-	-	76,001
Capital assets being depreciated:				
Buildings	3,254,715	-	24,732	3,229,983
Improvements other than buildings	1,784,758	-	-	1,784,758
Equipment	5,284,627	746,713	632,441	5,398,899
Total Capital Assets Being Depreciated	10,324,100	746,713	657,173	10,413,640
Intangible assets being amortized:				
Equipment	48,741	-	-	48,741
Less - Accumulated depreciation for:				
Buildings	1,467,844	69,432	10,857	1,526,419
Improvements other than buildings	745,888	78,850	-	824,738
Equipment	5,024,450	189,607	631,739	4,582,318
Total Accumulated Depreciation	7,238,182	337,889	642,596	6,933,475
Less - Accumulated amortization for equipment	12,998	12,998	-	25,996
Total Capital Assets Being Depreciated And Amortized, Net	3,121,661	395,826	14,577	3,502,910
Total Business-type Activities Capital Assets, Net	<u>\$ 3,197,662</u>	<u>395,826</u>	<u>14,577</u>	<u>3,578,911</u>

## NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the business-type activities as follows:

	<b>For The Year Ended June 30 2023</b>
<b>Business-type Activities</b>	
Parking facility	\$ 60,473
Golf course	87,450
Sanitation	202,964
	<hr/>
Total Business-type Activities	<b>\$ 350,887</b>

## NOTE D - LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

	<b>For The Year Ended June 30, 2023</b>				
	<b>Balance June 30 2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30 2023</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
Tax increment and special district revenue bonds - 2023	\$ -	45,760,000	-	45,760,000	1,050,000
Tax increment and special district revenue notes - 2023 - private placement	-	43,344,459	-	43,344,459	-
Discount on bonds	-	(244,744)	2,914	(241,830)	-
Tax increment note - 2021 - private placement	58,499,909	15,401,752	73,901,661	-	-
Leases	285,911	-	152,249	133,662	133,662
Compensated absences	1,457,207	1,462,610	1,427,492	1,492,325	1,344,624
Net pension liability	14,945,860	-	1,111,979	13,833,881	-
Total OPEB liability	998,034	-	261,954	736,080	66,247
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Governmental Activities	<b>\$ 76,186,921</b>	<b>105,724,077</b>	<b>76,858,249</b>	<b>105,058,577</b>	<b>2,594,533</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Business-type Activities</b>					
Leases	\$ 32,788	-	16,215	16,573	16,573
Compensated absences	80,909	83,074	66,650	97,333	97,333
Net pension liability	1,039,022	-	713,223	325,799	-
Total OPEB liability	98,938	-	32,107	66,831	20,049
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Business-type Activities	<b>\$ 1,251,657</b>	<b>83,074</b>	<b>828,195</b>	<b>506,536</b>	<b>133,955</b>

## **NOTE D - LONG-TERM DEBT (Continued)**

Compensated absences, the net pension liability, and the total OPEB liability are generally liquidated by the General Fund, Internal Service Fund, Solid Waste Fund, and the Golf Fund. Leases are liquidated by the General Fund, Public Safety Sales Tax Fund, and Golf Course Fund, and the tax increment note will be liquidated by the Olive I-170 TIF Fund.

### **Tax Increment Bonds**

During 2023, tax increment and special district revenue bonds series 2023A, were issued by the Industrial Development Authority of the City for \$45,760,000 related to a redevelopment project and refunding of previous notes. The bonds bear interest at the rate of 4.875% - 5.5% and mature June 15, 2042. The terms on the debt have certain optional prepayment provisions which allow the debt to be prepaid. The repayment of the debt is generally based on the collection of the amount of the associated TIF revenue. The bonds are special limited obligations generally payable solely from payments in lieu of taxes, economic activity taxes and other revenues per the agreement.

### **Tax Increment and Special Revenue Notes**

During 2021, a taxable tax increment revenue note, series B, private placement debt, was issued for a redevelopment project. The note bears variable rate interest per the terms of the agreement, and matures June 9, 2042. The terms on the debt have certain optional prepayment provisions which allow the City to prepay the debt. The repayment of the debt is based on the collection of the amount of the associated TIF revenue. The notes are special limited obligations generally payable solely from payments in lieu of taxes and economic activity taxes per the note agreement. During 2023, the related notes were paid off.

During 2023, taxable subordinate tax increment and special district revenue notes, series 2023B, private placement debt, was issued by the Industrial Development Authority of the City for \$43,344,456 for a redevelopment project and refunding of previous notes. The notes bear interest at the rate of 8% and mature June 15, 2042. The terms on the debt have certain optional provisions which allow the debt to be redeemed prior to maturity. The repayment of the debt is generally based on the collection of the amount of the associated TIF revenue. The notes are special limited obligations generally payable solely from payments in lieu of taxes, economic activity taxes and other revenues per the agreement.

### **Leases**

The City entered into a lease agreement for a fire ladder truck in September 2016 which extends through September 2023 with payments of \$114,411 paid annually. The total intangible right-to-use asset acquired under this agreement was \$333,059.

The City entered into a lease agreement for printers in December 2020 which extends through December 2023 with payments of \$3,698 paid monthly. The total intangible right-to-use asset acquired under this agreement was \$108,033.

**NOTE D - LONG-TERM DEBT (Continued)**

The City entered into a lease agreement for golf carts in January 2020 which extends through June 2024 with payments of \$16,940 paid annually. The total intangible right-to-use asset acquired under this agreement was \$48,741.

The future lease obligation are as follows:

<b>For The Year Ending June 30</b>	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 133,662	2,940	136,602	16,573	367	16,940
Total	<u>\$ 133,662</u>	<u>2,940</u>	<u>136,602</u>	<u>16,573</u>	<u>367</u>	<u>16,940</u>

**Legal Debt Margin**

Under the statutes of the State of Missouri, the limit of bonded indebtedness is 10% of the most recent assessed valuation. The computation is as follows:

Assessed Valuation - 2022 tax year	<u>\$ 822,510,214</u>
Debt limit - 10% of assessed valuation	\$ 82,251,021
Amount of debt applicable to debt limit	<u>-</u>
Legal Debt Margin	<u>\$ 82,251,021</u>

**NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS**

The City maintains two single-employer defined benefit pension plans. The Plans and plan provisions are established by ordinances of the City in accordance with Missouri State Statutes. Contribution requirements are established by City Ordinance. The Plans do not issue separate stand-alone financial reports. The financial information is included as a trust fund in the City's basic financial statements. The funded status of the City's defined benefit pension plans as of June 30, 2023 is as follows:

	<b>Non-Uniformed Employee's Retirement Fund</b>	<b>Police And Firemen's Retirement Fund</b>	<b>Total</b>
Total pension liability	\$ 31,869,761	40,791,848	72,661,609
Plan fiduciary net position	<u>29,501,676</u>	<u>28,664,212</u>	<u>58,165,888</u>
Net Pension Liability	<u>\$ 2,368,085</u>	<u>12,127,636</u>	<u>14,495,721</u>
Plan fiduciary net position as a percentage of total pension liability	92.57 %	70.27	80.05



**NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

The Non-Uniformed Employee’s net pension liability will be liquidated by the General Fund, Sewer Lateral Fund, Economic Development Fund, Park and Storm Water Sales Tax Fund, Capital Improvement Sales Tax Fund, Public Safety Sales Tax Fund, and Internal Service Fund. The Police and Firemen’s net pension liability will be liquidated by the General Fund and the Public Safety Sales Tax Fund.

**1. Non-Uniformed Employees’ Retirement Fund**

**General Information about the Plan**

***Plan Description***

The City and the University City Municipal Library District (the Library) participate jointly in the Non-Uniformed Employees’ Retirement fund and, therefore, for financial reporting purposes, this plan is treated as a cost sharing multiple-employer plan, although the plan itself is a single-employer defined benefit pension plan (the Plan). The Plan treats the City and the Library as a single-employer for purposes of allocating plan costs and assets. The Plan covers substantially all eligible full-time employees not covered under the Police and Firemen’s Retirement Fund. Information about the Plan is provided in a summary plan description.

***Benefits Provided***

Employees become eligible to participate in the Plan upon full-time employment. All benefits vest after 10 years of credited service in the form of a life annuity payable monthly. Employees attaining the age of 65 or the age of 62 with 30 years of credited service are entitled to the normal retirement benefit. The Plan permits early retirement at the completion of 20 years of credited service and attainment of age 55.

***Employees Covered by Benefit Terms***

At January 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	52
Active employees	<u>122</u>
Total	<u>241</u>

***Contributions***

Employees are required to contribute 3% of their annual salary to the Plan. The City contributes to the Plan based on an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. The contributions as a percentage of covered payroll amounted to 12.42% for the latest actuarial calculation date.

## NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

### 1. Non-Uniformed Employees' Retirement Fund (Continued)

#### *Net Pension Liability*

The City's net pension liability was measured at June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing procedures incorporating the actuarial assumptions.

#### *Actuarial Assumptions*

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.75% compounded annually
Investment rate of return	6.8%, net of investment expense

Changes in assumptions and methods as of June 30, 2023 are as follows:

- The municipal bond rate of 4.13% was updated from 4.09%.
- The blended discount rate changed to 6.80% from 6.48%.
- Demographic assumptions adjusted in accordance with the experience study completed in April of 2023.

The actuarial assumptions used in the January 1, 2023 valuation were based upon an annual review of actual experience compared to previous assumptions used, and a perspective on future expectations.

#### *Rate of Return*

For the year ended June 30, 2023, the rate of return on pension plan investments, net of pension plan investment expense was 14.1%.

#### *Discount Rate*

The discount rate used to measure the total pension liability was changed to 6.80% from 6.48%. The projection of cash flows used to determine the discount rate assumed that Plan contributions will continue to follow the current funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. A municipal bond rate of 4.13% would have been used in the development of the blended GASB discount rate after the Plan's fiduciary net position became insufficient. The 4.13% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index. Based on the long-term rate of return of 6.80% and the municipal bond rate of 4.13%, the blended GASB discount rate would be 6.80%.

**NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

**1. Non-Uniformed Employees' Retirement Fund (Continued)**

**Changes in Net Pension Liability**

The table below includes amounts for both the City and the Library. The City's collective share of the net pension liability (asset) at July 1, 2022, the employer contributions and the net pension liability (asset) at June 30, 2023, was \$4,848,625, \$816,345, and \$2,032,043, respectively. The Library's collective share of the net pension liability (asset) at July 1, 2022, the employer contributions and the net pension liability (asset) at June 30, 2023, was \$496,238, \$135,000, and \$336,042, respectively.

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at June 30, 2022</b>	\$ 31,721,260	26,376,397	5,344,863
<b>Changes for the year</b>			
Service cost	694,747	-	694,747
Interest on the total pension liability	2,048,348	-	2,048,348
Difference between expected and actual experience	319,271	-	319,271
Changes of assumptions	(1,276,759)	-	(1,276,759)
Contributions - employer	-	951,345	(951,345)
Contributions - employee	-	246,293	(246,293)
Net investment income	-	3,678,205	(3,678,205)
Benefit payments, including refunds	(1,637,106)	(1,637,106)	-
Administrative expense	-	(113,458)	113,458
Net Changes	<u>148,501</u>	<u>3,125,279</u>	<u>(2,976,778)</u>
<b>Balances at June 30, 2023</b>	<u>\$ 31,869,761</u>	<u>29,501,676</u>	<u>2,368,085</u>

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the City, calculated using the discount rate of 6.80%, as well as what the City's net position liability would be if it were calculated using a discount rate that is 1% point lower (5.80%) or 1% point higher (7.80%) than the current rate.

	<b><u>1% Decrease</u></b>	<b><u>Current Single Discount Rate Assumption</u></b>	<b><u>1% Increase</u></b>
Net pension liability	<u>\$ 6,389,415</u>	<u>2,368,085</u>	<u>(993,490)</u>

**NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

**1. Non-Uniformed Employees' Retirement Fund (Continued)**

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

For the year ended June 30, 2023, the City recognized an actuarial net pension expense of \$145,480. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

The table below includes amounts for both the City and the Library, The City's collective share of the deferred outflows and deferred inflows was \$612,036 and \$2,396,985 respectively. The Library's collective share of deferred outflows and deferred inflows was \$101,213 and \$396,393, respectively.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Inflows</u>
Differences between expected and actual experience	\$ 627,585	(1,012,048)	(384,463)
Assumption changes	85,664	(1,309,978)	(1,224,314)
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>(471,352)</u>	<u>(471,352)</u>
Total	<u>\$ 713,249</u>	<u>(2,793,378)</u>	<u>(2,080,129)</u>

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

<u>For The Plan Years Ending June 30</u>	
2024	\$ (729,593)
2025	(871,816)
2026	105,817
2027	(584,537)
2028	-
Thereafter	<u>-</u>
Total	<u>\$ (2,080,129)</u>

At June 30, 2023, the City did not have a payable for outstanding contributions to this pension plan.

## NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

### 2. City of University City Police and Firemen's Retirement Fund

#### General Information about the Plan

##### *Plan Description*

Under City Ordinance, the City established a single-employer defined benefit pension plan, City of University City Police and Firemen's Retirement Fund (the Plan), that provides pension, disability, and death benefits. Each eligible employee who is employed by the City as a police officer or firefighter must participate in the Plan on the date the employee becomes a police officer or firefighter.

##### *Benefits Provided*

Employees who retire after the attainment of age 50 and 20 years of service are entitled to retirement benefits in the form of a life annuity payable monthly.

##### *Employees Covered by Benefit Terms*

At January 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	92
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>110</u>
Total	<u>223</u>

##### *Contributions*

The Plan is funded by a pension tax levy. Employees do not contribute to the Plan. For the year ended June 30, 2023, the City's contribution to the Plan from the tax levy was 16.46% of annual covered payroll.

##### *Net Pension Liability*

The City's net pension liability was measured at June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing procedures incorporating the actuarial assumptions.

## NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

### 2. City of University City Police and Firemen's Retirement Fund (Continued)

#### *Actuarial Assumptions*

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Projected salary increases	3.75% compounded annually
Investment rate of return	6.8%, net of investment expense

Changes in assumptions and methods as of June 30, 2023 are as follows:

- The municipal bond rate of 4.13% was updated from 4.09%.
- The blended discount rate changed to 6.80% from 6.48%.
- Demographic assumptions adjusted in accordance with the experience study completed in April of 2023.

The actuarial assumptions used in the January 1, 2023 valuation were based upon an annual review of actual experience compared to previous assumptions used, and a perspective on future expectations.

#### *Rate of Return*

For the year ended June 30, 2023, the rate of return on pension plan investments, net of pension plan investment expense, was 12.5%.

#### *Discount Rate*

The projection of cash flows used to determine the discount rate assumed that Plan contributions will continue to follow the current funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. A municipal bond rate of 4.13% was updated from 4.09% and would have been used in the development of the blended GASB discount rate after the Plan's fiduciary net position became insufficient. The 4.13% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index. Based on the long-term rate of return of 6.80% and the municipal bond rate of 4.13%, the blended GASB discount rate would be 6.80%.

**NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

**2. City of University City Police and Firemen’s Retirement Fund (Continued)**

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at June 30, 2022</b>	\$ 37,519,715	26,383,461	11,136,254
<b>Changes for the year</b>			
Service cost	931,009	-	931,009
Interest on the total pension liability	2,412,526	-	2,412,526
Difference between expected and actual experience	1,395,416	-	1,395,416
Changes of assumptions	1,012,867	-	1,012,867
Contributions - employer	-	1,645,156	(1,645,156)
Net investment income	-	3,240,106	(3,240,106)
Benefit payments, including refunds	(2,479,685)	(2,479,685)	-
Administrative expense and other	-	(124,826)	124,826
Net Changes	<u>3,272,133</u>	<u>2,280,751</u>	<u>991,382</u>
<b>Balances at June 30, 2023</b>	<u>\$ 40,791,848</u>	<u>28,664,212</u>	<u>12,127,636</u>

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the City, calculated using the discount rate of 6.80%, as well as what the City’s net position liability would be if it were calculated using a discount rate that is 1% point lower (5.80%) or 1% point higher (7.80%) than the current rate.

	<b><u>1% Decrease</u></b>	<b><u>Current Single Discount Rate Assumption</u></b>	<b><u>1% Increase</u></b>
Net pension liability	<u>\$ 16,804,952</u>	<u>12,127,636</u>	<u>8,207,439</u>

## NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

### 2. City of University City Police and Firemen's Retirement Fund (Continued)

For the year ended June 30, 2023, the City recognized an actuarial net pension expense of \$2,068,037. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences between expected and actual experience	\$ 1,980,008	(401,144)	1,578,864
Assumption changes	1,178,387	(847,619)	330,768
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>(221,235)</u>	<u>(221,235)</u>
Total	<u>\$ 3,158,395</u>	<u>(1,469,998)</u>	<u>1,688,397</u>

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

<u>For The Plan Years Ending June 30</u>	
2024	\$ 149,971
2025	(63,544)
2026	1,059,073
2027	84,298
2028	351,694
Thereafter	<u>106,905</u>
Total	<u>\$ 1,688,397</u>

### Payable to the Pension Plan

At June 30, 2023, the City did not have a payable for outstanding contributions to this pension plan.

### 3. Investments

The Plans' policy in regard to the allocation of invested assets is established and may be amended by the Plans' Board of Trustees. It is the policy of the Plans to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.



## NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

### 3. Investments (Continued)

As of June 30, 2023, the Plans had the following investments:

Investments	Fair Value	Maturities					Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	
<b>Fiduciary Funds</b>							
Common stock	\$ 29,312,461	29,312,461	-	-	-	-	N/A
Exchange traded funds	13,415,786	13,415,786	-	-	-	-	N/A
Government securities:							
U.S. Treasury bonds	886,293	-	-	-	-	886,293	N/A
U.S. Treasury notes	3,124,100	-	62,399	1,906,451	909,685	245,565	N/A
Federal Home Loan Mortgage Association	1,248,404	-	-	-	-	1,248,404	AAA
Federal Home Loan Mortgage Corporation	1,119,006	-	-	-	-	1,119,006	AAA
Government National Mortgage Association	174,732	-	-	-	-	174,732	AAA
Corporate bonds	2,082,379	-	141,448	1,085,991	399,686	455,254	A
Corporate bonds	228,740	-	-	42,944	74,625	111,171	AA
Corporate bonds	353,896	-	-	213,205	-	140,691	AAA
Corporate bonds	1,171,406	-	108,328	671,823	339,937	51,318	BBB
	53,117,203	42,728,247	312,175	3,920,414	1,723,933	4,432,434	
Money Market Funds	859,395						
Total Fiduciary Investments	\$ 53,976,598						

The Plans' investment policies are as follows:

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plans minimize credit risk by diversifying the portfolio to reduce potential losses on individual securities and allowing certain equity, fixed income, cash investments and fund surrogates of these assets classes per the Plans' policy.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Plans minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

**Custodial Credit Risk** is the risk that in the event of the failure of the counterparty to a transaction, the Plans will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. To limit its exposure, the Plans' custodian(s) will hold all cash and securities. A bank or trust depository arrangement will be utilized to accept and

## NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

### 3. Investments (Continued)

hold cash prior to allocating it to the investment manager. Such cash will be invested in liquid, interest-bearing, low-risk cash-alternative instruments. Investments are held by the pension funds agent in the pension funds name.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposit may not be returned to it. The City's investment policy requires pledging of collateral with a fair value of 100% of all bank balances in excess of federal depository insurance (FDIC). The City's deposits with financial institutions were covered by either FDIC or collateral pledged to the City and held by a third party custodian in the City's name.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Plans' investment in a single issuer. The Plans minimize concentration of credit risk by using the following allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equities	25 - 80 %	7.29 %
Covered call	0 - 30	5.99
Fixed income	20 - 50	4.05

At June 30, 2023 the Plans had the following investment concentration:

<u>Investments</u>	<u>Fair Value</u>	<u>Percent Of Total Plan Net Position</u>
<b>Fiduciary Funds</b>		
Vanguard Mid Cap ETF	\$ 4,455,092	7.7 %
Vanguard S&P 500 ETF	6,180,964	10.6

### Fair Value Measurements

The Plans classify fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities.

**NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

**3. Investments (Continued)**

The Plans have the following recurring fair value level measurements as of June 30, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Fiduciary Funds</b>				
Investments by fair value level:				
Common stock	\$ 29,312,461	29,312,461	-	-
Exchange traded funds	13,415,786	13,415,786	-	-
Government securities:				
U.S. Treasury bonds	886,293	886,293	-	-
U.S. Treasury notes	3,124,100	3,124,100	-	-
Federal Home Loan				
Mortgage Association	1,248,404	-	1,248,404	-
Federal Home Loan				
Mortgage Corporation	1,119,006	-	1,119,006	-
Government National				
Mortgage Association	174,732	-	174,732	-
Corporate bonds	<u>3,836,421</u>	<u>-</u>	<u>3,836,421</u>	<u>-</u>
Total Investments By				
Fair Value Level	53,117,203	<u>46,738,640</u>	<u>6,378,563</u>	<u>-</u>
Investments not subject to fair				
value level classification:				
Money market funds	<u>859,395</u>			
Total Fiduciary Funds				
Investments	<u>\$ 53,976,598</u>			

**4. Condensed Statements of Pension Trust Funds**

For the year ended June 30, 2023, the City recognized a combined actuarial net pension expense of \$2,213,517.

## NOTE E - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

### 4. Condensed Statements of Pension Trust Funds (Continued)

The condensed statement of fiduciary net position is as follows:

	June 30, 2023		
	Non-Uniformed Employees' Retirement Fund	Police And Firemen's Retirement Fund	Total
<b>ASSETS</b>			
Cash and investments:			
Common stock	\$ 16,034,432	13,278,029	29,312,461
Exchange traded funds	6,916,479	6,499,307	13,415,786
Government securities	3,497,613	3,054,922	6,552,535
Money market funds	513,469	345,926	859,395
Corporate bonds	2,079,070	1,757,351	3,836,421
Cash	429,464	3,606,984	4,036,448
Total Cash And Investments	<u>29,470,527</u>	<u>28,542,519</u>	<u>58,013,046</u>
Interest receivable	39,367	32,854	72,221
Due from primary government	-	94,674	94,674
Total Assets	<u>29,509,894</u>	<u>28,670,047</u>	<u>58,179,941</u>
<b>LIABILITIES</b>			
Accounts payable	8,218	5,835	14,053
Due to other funds	-	-	-
Total Liabilities	<u>8,218</u>	<u>5,835</u>	<u>14,053</u>
<b>NET POSITION</b>			
Restricted for pensions	<u>\$ 29,501,676</u>	<u>28,664,212</u>	<u>58,165,888</u>

The condensed statement of changes in fiduciary net position is as follows:

	For The Year Ended June 30, 2023		
	Non-Uniformed Employees' Retirement Fund	Police And Firemen's Retirement Fund	Total
<b>ADDITIONS</b>			
Contributions:			
Employee	\$ 246,293	-	246,293
Employer - property taxes	-	1,099,921	1,099,921
Employer	951,345	545,235	1,496,580
Total Contributions	<u>1,197,638</u>	<u>1,645,156</u>	<u>2,842,794</u>
Investment income:			
Interest and dividends	458,250	405,243	863,493
Net appreciation (depreciation) in fair value of investments	3,284,596	2,834,863	6,119,459
Less - Management fees	(64,641)	-	(64,641)
Net Investment Income	<u>3,678,205</u>	<u>3,240,106</u>	<u>6,918,311</u>
Miscellaneous income	-	-	-
Total Additions	<u>4,875,843</u>	<u>4,885,262</u>	<u>9,761,105</u>
<b>DEDUCTIONS</b>			
Benefits	1,519,520	2,479,685	3,999,205
Refund of contributions	117,586	-	117,586
Administrative and other	113,458	124,826	238,284
Total Deductions	<u>1,750,564</u>	<u>2,604,511</u>	<u>4,355,075</u>
<b>CHANGE IN NET POSITION</b>	3,125,279	2,280,751	5,406,030
<b>NET POSITION, JULY 1</b>	<u>26,376,397</u>	<u>26,383,461</u>	<u>52,759,858</u>
<b>NET POSITION, JUNE 30</b>	<u>\$ 29,501,676</u>	<u>28,664,212</u>	<u>58,165,888</u>

## NOTE F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

### *Plan Description*

The City's OPEB plan (the Plan) provides OPEB for all eligible full-time employees of the City. The Plan is a single-employer defined benefit OPEB plan administered by the City. The Plan, as established by City Ordinance, assigned the authority to establish and amend the benefit terms and financing requirements to the City. No assets are accumulated in a trust for the Plan. The Plan does not issue a stand-alone report. The OPEB liability is generally liquidated by the General Fund, Sewer Lateral Fund, Economic Development Fund, Capital Improvement Sales Tax Fund, Park and Storm Water Sales Tax Fund, and Internal Service Fund.

### *Benefits Provided*

The Plan provides healthcare benefits to all current and future retirees with medical coverage to age 65. Civilians are eligible to retire once they have attained age 55 plus 20 years of service. Police are eligible to retire once they have attained age 50 plus 20 years of service. Spousal coverage is included until the spouse reaches age 65. Employees and spouses must be on the Plan at time of retirement to be eligible to participate in the Plan after retirement. Medical and prescription drug benefits are available to retirees in the City's insurance plan. Retirees must contribute \$704.21/\$1,478.84 per month for single/family coverage. Retirees who retire after age 62 with 30 years of service contribute \$105.63 per month for self-coverage and \$704.21 per month for spouse coverage. Coverage stops at age 65. No life insurance coverage is provided.

### *Employees Covered by Benefit Terms*

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members receiving benefits	6
Beneficiaries receiving benefits	1
Active employees	<u>227</u>
Total	<u>234</u>

### *Total OPEB Liability*

The City's total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation date as of December 31, 2022. The OPEB liability was then rolled forward to the measurement date utilizing procedures incorporating the actuarial assumptions.

## NOTE F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

### *Actuarial Assumptions and Other Inputs*

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	3%
Salary increase	6.5% including inflation
Discount rate	4.31%
Healthcare cost trend rates	6.5% for 2021, decreasing to an ultimate rate of 4.5% for 2031 and later years

The discount rate was based on the S&P municipal bond 20 year high grade rate index as of June 30, 2023.

Changes in assumptions and methods as of June 30, 2023 are as follows:

- The per capita claims cost assumptions were updated to reflect premium rates as of July 1, 2023.
- The retirement, withdrawal and disability rates have been updated to reflect the experience study that was completed in April of 2023, to be consistent with the pension valuation.
- The salary scale has been updated from 3.00% to 3.75% to be consistent with the pension valuation.
- The discount rate was updated from 2.25% as of December 31, 2021 to 4.31% as of December 31, 2022. The 4.31% rate was selected based on the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2022.

The Plan has not had a formal actuarial experience study performed.

### **Changes in the Total OPEB Liability**

	<b>Total Total OPEB Liability</b>
<b>Balance at June 30, 2022</b>	<b>\$ 1,096,972</b>
<b>Changes for the year</b>	
Service cost	67,004
Interest on the total OPEB liability	25,209
Differences between expected and actual experience	(81,874)
Changes of assumptions or other inputs	(216,745)
Benefit payments	(87,655)
Net Changes	<u>(294,061)</u>
<b>Balance at June 30, 2023</b>	<b><u>\$ 802,911</u></b>

**NOTE F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.31%) or 1% point higher (5.31%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 874,754</u>	<u>802,911</u>	<u>738,776</u>

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rates of 6.5% decreasing to 4.5%, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.5% decreasing to 3.5%) or 1% point higher (7.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 730,922</u>	<u>802,911</u>	<u>886,172</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the City recognized OPEB expense of \$61,859. Deferred outflows and inflows of resources related to OPEB are from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Difference between expected and actual experience	\$ 20,163	(90,252)	(70,089)
Changes of assumptions or other inputs	99,454	(236,373)	(136,919)
Total	<u>\$ 119,617</u>	<u>(326,625)</u>	<u>(207,008)</u>

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

<u>For The Years Ending June 30</u>	
2024	\$ (15,268)
2025	(15,268)
2026	(15,268)
2027	(15,268)
2028	(15,268)
Thereafter	<u>(130,668)</u>
Total	<u>\$ (207,008)</u>

**NOTE G - INTERFUND ASSETS/LIABILITIES**

Interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>For The Year Ended June 30 2023</u>
General Fund	Public Safety Sales Tax Fund	\$ 586,608
General Fund	Parking Garage Fund	75,000
General Fund	Economic Development Fund	40,000
General Fund	Parks and Storm Water Sales Tax Fund	247,708
General Fund	Golf Course Fund	4,435
General Fund	Sewer Lateral Fund	4
General Fund	Capital Improvement Sales Tax Fund	508,589
Solid Waste Fund	General Fund	2,278,261
Debt Service	General Fund	200,000
Debt Service	Capital Improvement Sales Tax Fund	300,000
Debt Service	Public Safety Sales Tax Fund	400,000
General Fund	ARPA Fund	3,500,000
		<hr/>
Total		\$ 8,140,605
		<hr/> <hr/>

Interfund transfers were used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

Individual interfund assets and liabilities balances are as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2023</u>
General Fund	Public Safety Sales Tax Fund	\$ 90
General Fund	Nonmajor Funds	172,409
General Fund	Parking Garage Fund	182,146
General Fund	Golf Course Fund	73,088
General Fund	Solid Waste Fund	1,662,159
General Fund	Fleet Maintenance Fund	135,747
Public Safety Sales Tax Fund	General Fund	262,890
Nonmajor Funds	Economic Development Fund	14,057
Nonmajor Funds	Nonmajor Funds	232,505
		<hr/>
Total		\$ 2,735,091
		<hr/> <hr/>



**NOTE G - INTERFUND ASSETS/LIABILITIES (Continued)**

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the next fiscal year.

**Advances To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2023</u>
General Fund	Public Safety Sales Tax Fund	\$ 3,070,772
General Fund	Sewer Lateral Fund	15,643
General Fund	Parking Garage Fund	203,281
General Fund	Golf Course Fund	<u>203,281</u>
Total		<u><u>\$ 3,492,977</u></u>

To improve cash flow and minimize financing fees, the City loans money between funds for capital projects. The City charges a 1.25% interest rate on the loan and loans are to be paid in monthly installments. The amount due within one year is included in the due to/from balances and the long-term portion is included in the advances from/to other funds. At June 30, 2023, the interfund loans are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2023</u>	<u>Project</u>	<u>Maturity</u>
General Fund	Public Safety Sales Tax Fund	\$ 3,567,709	Public safety building	05/01/30
General Fund	Sewer Lateral Fund	15,643	Operations	10/01/23
General Fund	Parking Garage Fund	253,618	Operations	05/01/28
General Fund	Golf Course Fund	<u>253,618</u>	Operations	05/01/28
Total		<u><u>\$ 4,090,588</u></u>		

**NOTE H - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City, along with various other local governments, participates in an insurance trust for workers' compensation, employee health insurance, and for general liability matters (St. Louis Area Insurance Trust - SLAIT). The purpose of this trust is to distribute the cost of self-insurance over similar entities.

## **NOTE H - RISK MANAGEMENT (Continued)**

The trust requires an annual premium payment by each entity to cover estimated claims payable and reserves for claims. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trust; however, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the trust should the trust cease operations at some future date. The trust has contracted with an insurance agent to handle all administrative matters, including processing of claims filed.

The City also purchases commercial insurance to cover risks related to travel, public official liability, earthquakes, flooding, and employee blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

## **NOTE I - CONTINGENCIES AND COMMITMENTS**

The City is subject to lawsuits pertaining to matters, which are incidental to performing routine governmental and other functions. Based on the current status of these legal proceedings, it is the opinion of management that they will not have a material effect on the City's financial position.

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the City's financial position.

On March 28, 2016, the City Council approved the construction of a new police facility. During fiscal year 2018, a loan of \$6 million was made to the Public Safety Sales tax Fund from the General Fund to cover the initial costs of the evaluation of the Annex as well as to help cover an increase in salaries and benefits from the compensation rate study. The amount outstanding from this loan is noted as advance in Note G. The design for the renovated structure is complete and the City plans to begin the bid process for construction during the fiscal year 2024.

## **NOTE J - NEGATIVE NET POSITION**

At June 30, 2023, the Public Safety's accumulated deficit of \$170,245 and the Solid Waste's deficit of \$327,260 is the result of expenses exceeding revenues plus prior year net position. It is expected that the deficit will be offset by future revenues received in the fund.

## NOTE K - TAX ABATEMENTS

The City provides for tax abatements established pursuant to the Land Clearance for Redevelopment Authority Law (LCRA), RSMo Chapter 99 to assist with the redevelopment of blighted or insanitary areas in the City. This program allows the City to actively redevelop blighted areas, as well as to encourage the private sector redevelopment of such areas within designated redevelopment areas. The LCRA may designate redevelopment areas and redevelopment plans, and it has the authority to grant partial real property tax abatement to redevelopment projects that conform to approved redevelopment plans. The amount of real estate tax abated for the year ended June 30, 2023 was \$38,614.

## NOTE L - ECONOMIC DEVELOPMENT LOANS

In April 2020, the City established a Small Business Forgivable Loan Program funded by the Economic Development Fund for the purpose of assisting small businesses impacted by the COVID-19 pandemic. The City agrees to provide eligible businesses a forgivable loan equaling an individual business 2019 economic development retail sales tax contributions. The City has authorized up to \$1,000,000 in small business loans. As of June 30, 2023, the City has awarded \$160,044 in forgivable loans. The City believes 100% of these loans will be forgiven, therefore an offsetting allowance for these amounts has been established.

## NOTE M - LESSOR DISCLOSURES

The City entered a lease agreement dated October 2021, to lease certain retail space. Payments ranging from \$4,441 to \$5,147 are due to the City in monthly installments, through September 2029 including three years of renewal options and maintains an interest rate of 2.16%. During the fiscal year, the City collected \$54,494 and recognized a \$45,380 reduction in the related deferred inflow of resource. The remaining lease receivable and deferred inflow of resource for this agreement are \$239,839 and \$223,262, respectively, as of June 30, 2023.

The City entered a lease agreement dated January 2021, to lease certain retail space. Payments ranging from \$2,525 to \$3,057 are due to the City in monthly installments, through December 2025. The lease agreement is noncancelable and maintains an interest rate of 2.16%. During fiscal year, the City collected \$117,846 and recognized a \$114,685 reduction in the related deferred inflow of resource. The remaining lease receivable and deferred inflow of resource for this agreement are \$0, as of June 30, 2023. During the year, the lease was terminated.

## NOTE N - PRIOR PERIOD ADJUSTMENT

The beginning net position has been restated to reflect the interest under accrued in the previous year.

	<u>Governmental Activities</u>
Net position, June 30, 2022 as previously reported	\$ 5,365,191
Restatement for - under accrued interest	<u>(3,944,801)</u>
Net Position, June 30, As Restated	<u><u>\$ 1,420,390</u></u>

## NOTE O - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

- GASB Statement No. 99, *Omnibus 2022*, addresses a variety of topics including: Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to: a) the determination of the public-private and public-public partnership (PPP) term and b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to non-monetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and terminology used in Statement 53 to refer to resource flows statements. This statement is effective upon issuance for requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The requirements related to leases, PPPs, and SBITAs was implemented during the fiscal year ending June 30, 2023. The effective date for the requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 is the fiscal year ending June 30, 2024.

## NOTE O - FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

- GASB Statement No. 100, *Accounting Changes and Error Corrections--an amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirement for accounting changes and error corrections. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement requires that: a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). This Statement is effective for the fiscal year ending June 30, 2024.
- GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for: 1) leave that has not been used and 2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if: a) the leave is attributable to services already rendered, b) the leave accumulates, and c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences--including parental leave, military leave, and jury duty leave--not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as it is identified as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. This Statement is effective for the fiscal year ending June 30, 2025.
- GASB Statement No. 102, *Certain Risk Disclosures*, establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other re-orting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This Statement is effective for the fiscal year ending June 30, 2025.

**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over</b>
	<b>Original</b>	<b>Final</b>		<b>(Under)</b>
<b>REVENUES</b>				
<b>General taxes</b>				
Current real estate tax	\$ 3,105,000	3,133,100	3,133,089	(11)
Delinquent real estate tax	90,000	90,000	74,412	(15,588)
Current personal property tax	412,000	551,930	551,926	(4)
Delinquent personal property tax	60,000	60,000	48,879	(11,121)
Railroad and utility tax	80,000	81,900	82,273	373
Intangible property	750	2,950	2,922	(28)
Sales tax	5,952,000	6,886,730	6,886,695	(35)
Gross receipts tax:				
Electric	2,400,000	2,742,000	2,741,823	(177)
Gas	1,450,000	1,808,000	1,807,508	(492)
Water	690,000	769,500	769,227	(273)
Telephone	800,000	1,515,215	1,349,669	(165,546)
Cable television	250,000	250,000	237,147	(12,853)
Local option use tax	1,150,000	1,164,005	1,164,005	-
Total General Taxes	<u>16,439,750</u>	<u>19,055,330</u>	<u>18,849,575</u>	<u>(205,755)</u>
<b>Charges for services</b>	<u>1,631,000</u>	<u>2,034,440</u>	<u>1,578,431</u>	<u>(456,009)</u>
<b>Intergovernmental</b>				
Gasoline and vehicle sales taxes	1,580,000	1,815,000	1,780,160	(34,840)
Road and bridge tax	660,000	692,200	692,169	(31)
Cigarette tax	110,000	110,000	109,576	(424)
Grants	5,000	826,770	828,473	1,703
Total Intergovernmental	<u>2,355,000</u>	<u>3,443,970</u>	<u>3,410,378</u>	<u>(33,592)</u>
<b>Licenses, permits, fines, and fees</b>				
Business licenses	530,000	480,000	473,874	(6,126)
Motor vehicle licenses	148,000	148,300	133,711	(14,589)
Animal licenses	9,500	9,500	4,835	(4,665)
Liquor licenses	32,000	32,000	28,957	(3,043)
General and building inspections	1,300,000	1,609,100	1,609,092	(8)
Excavation inspection fees	27,000	27,000	16,406	(10,594)
Forest Activity	-	150	150	-
Rental property registrations	2,000	2,000	525	(1,475.00)
Parking meter collections	312,000	334,000	238,260	(95,740)
Court fines	325,000	325,000	169,088	(155,912)
Court costs	44,700	46,300	17,102	(29,198)
Bond forfeiture	10,000	19,500	19,524	24
Police training	8,600	8,600	6,343	(2,257)
Police seizure	100	100	-	(100)
Total Licenses, Permits, Fines, And Fees	<u>2,748,900</u>	<u>3,041,550</u>	<u>2,717,867</u>	<u>(323,683)</u>

**(Continued)**

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - BUDGET BASIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES (Continued)</b>				
<b>Investment income</b>	50,600	109,830	301,751	191,921
<b>Other</b>	233,000	719,300	757,317	38,017
Total Revenues	<u>23,458,250</u>	<u>28,404,420</u>	<u>27,615,319</u>	<u>(789,101)</u>
<b>EXPENDITURES</b>				
<b>General government</b>				
Legislative services:				
Personnel services	125,705	125,705	115,716	(9,989)
Contractual services	87,770	87,770	71,295	(16,475)
Commodities	5,240	5,240	1,734	(3,506)
Total Legislative Services	<u>218,715</u>	<u>218,715</u>	<u>188,745</u>	<u>(29,970)</u>
Human resources:				
Personnel services	184,305	186,705	181,023	(5,682)
Contractual services	107,365	115,240	90,910	(24,330)
Commodities	21,700	24,500	21,678	(2,822)
Total Human Resources	<u>313,370</u>	<u>326,445</u>	<u>293,611</u>	<u>(32,834)</u>
Communications:				
Personnel services	290,820	272,869	192,847	(80,022)
Contractual services	117,480	132,731	120,689	(12,042)
Commodities	11,740	14,440	9,668	(4,772)
Total Communications	<u>420,040</u>	<u>420,040</u>	<u>323,204</u>	<u>(96,836)</u>
City manager's office:				
Personnel services	367,220	355,320	344,102	(11,218)
Contractual services	356,240	469,140	358,461	(110,679)
Commodities	5,000	5,000	3,006	(1,994)
Total City Manager's Office	<u>728,460</u>	<u>829,460</u>	<u>705,569</u>	<u>(123,891)</u>
Information technology:				
Personnel services	134,260	126,760	93,773	(32,987)
Contractual services	287,982	314,482	311,109	(3,373)
Commodities	30,500	27,300	25,804	(1,496)
Capital outlay	19,200	4,300	865	(3,435)
Debt service-principal	43,377	43,377	43,377	-
Debt service-interest	931	931	931	-
Total Information Technology	<u>516,250</u>	<u>517,150</u>	<u>475,859</u>	<u>(41,291)</u>

**(Continued)**



**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - BUDGET BASIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>General government (Continued)</b>				
Municipal court:				
Personnel services	344,240	358,125	358,296	171
Contractual services	62,540	57,255	46,208	(11,047)
Commodities	4,500	4,500	2,270	(2,230)
Total Municipal Court	<u>411,280</u>	<u>419,880</u>	<u>406,774</u>	<u>(13,106)</u>
Finance:				
Personnel services	672,615	677,715	604,975	(72,740)
Contractual services	297,165	292,065	249,780	(42,285)
Commodities	7,750	7,750	7,985	235
Capital outlay	1,800	1,800	-	(1,800)
Total Finance	<u>979,330</u>	<u>979,330</u>	<u>862,740</u>	<u>(116,590)</u>
Total General Government	<u>3,587,445</u>	<u>3,711,020</u>	<u>3,256,502</u>	<u>(454,518)</u>
<b>Public safety</b>				
Police department:				
Personnel services	9,009,415	8,441,715	8,223,036	(218,679)
Contractual services	721,565	808,965	660,654	(148,311)
Commodities	120,400	133,900	105,339	(28,561)
Capital outlay	-	412,430	365,949	(46,481)
Total Police Department	<u>9,851,380</u>	<u>9,797,010</u>	<u>9,354,978</u>	<u>(442,032)</u>
Fire department:				
Personnel services	5,480,500	5,654,000	5,633,996	(20,004)
Contractual services	676,701	718,401	674,772	(43,629)
Commodities	156,774	203,974	225,844	21,870
Capital outlay	-	239,635	239,606	(29)
Total Fire Department	<u>6,313,975</u>	<u>6,816,010</u>	<u>6,774,218</u>	<u>(41,792)</u>
Total Public Safety	<u>16,165,355</u>	<u>16,613,020</u>	<u>16,129,196</u>	<u>(483,824)</u>
<b>Public works</b>				
Administration and engineering:				
Personnel services	207,130	276,930	275,673	(1,257)
Contractual services	72,750	61,150	33,548	(27,602)
Commodities	4,580	10,280	8,047	(2,233)
Total Administration And Engineering	<u>284,460</u>	<u>348,360</u>	<u>317,268</u>	<u>(31,092)</u>

**(Continued)**

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - BUDGET BASIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>Public works (Continued)</b>				
Street maintenance:				
Personnel services	537,910	566,210	537,097	(29,113)
Contractual services	687,370	729,170	733,334	4,164
Commodities	69,750	79,750	70,776	(8,974)
Capital outlay	-	1,264,623	1,294,372	29,749
Total Street Maintenance	<u>1,295,030</u>	<u>2,639,753</u>	<u>2,635,579</u>	<u>(4,174)</u>
Facilities maintenance:				
Personnel services	522,740	532,540	530,990	(1,550)
Contractual services	361,230	393,420	388,330	(5,090)
Commodities	13,900	9,900	8,699	(1,201)
Capital outlay	3,000	-	-	-
Total Facilities Maintenance	<u>900,870</u>	<u>935,860</u>	<u>928,019</u>	<u>(7,841)</u>
Total Public Works	<u>2,480,360</u>	<u>3,923,973</u>	<u>3,880,866</u>	<u>(43,107)</u>
<b>Planning and development</b>				
Planning administration:				
Personnel services	1,519,580	1,391,080	1,358,900	(32,180)
Contractual services	290,400	434,685	413,649	(21,036)
Commodities	20,345	27,845	17,647	(10,198)
Total Planning And Development	<u>1,830,325</u>	<u>1,853,610</u>	<u>1,790,196</u>	<u>(63,414)</u>
<b>Parks, recreation, and forestry</b>				
Parks maintenance:				
Personnel services	1,030,318	1,072,118	1,063,521	(8,597)
Contractual services	629,077	661,077	826,524	165,447
Commodities	241,870	185,570	131,966	(53,604)
Capital outlay	70,000	2,518,654	2,734,589	215,935
Total Parks Maintenance	<u>1,971,265</u>	<u>4,437,419</u>	<u>4,756,600</u>	<u>319,181</u>
Community center:				
Personnel services	142,375	139,875	85,779	(54,096)
Contractual services	67,515	72,715	38,479	(34,236)
Commodities	14,600	11,900	3,231	(8,669)
Capital outlay	21,000	21,000	-	(21,000)
Total Community Center	<u>245,490</u>	<u>245,490</u>	<u>127,489</u>	<u>(118,001)</u>
Aquatics:				
Personnel services	511,215	513,835	346,048	(167,787)
Contractual services	79,215	76,595	54,521	(22,074)
Commodities	36,710	36,710	12,491	(24,219)
Total Aquatics	<u>627,140</u>	<u>627,140</u>	<u>413,060</u>	<u>(214,080)</u>

**(Continued)**

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - BUDGET BASIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>EXPENDITURES (Continued)</b>				
<b>Parks, recreation, and forestry (Continued)</b>				
Centennial Commons:				
Personnel services	711,340	714,940	399,641	(315,299)
Contractual services	334,605	324,905	177,793	(147,112)
Commodities	61,085	67,185	27,730	(39,455)
Total Centennial Commons	1,107,030	1,107,030	605,164	(501,866)
Total Parks, Recreation, And Forestry	3,950,925	6,417,079	5,902,313	(514,766)
Total Expenditures	28,014,410	32,518,702	30,959,073	(1,559,629)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,556,160)</b>	<b>(4,114,282)</b>	<b>(3,343,754)</b>	<b>770,528</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	40,000	1,060,250	1,920,877	860,627
Transfer in	6,007,670	6,007,670	5,267,464	(740,206)
Transfer out	(1,675,340)	(4,001,834)	(4,001,834)	-
Total Other Financing Sources (Uses)	4,372,330	3,066,086	3,186,507	120,421
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<b>\$ (183,830)</b>	<b>(1,048,196)</b>	<b>(157,247)</b>	<b>890,949</b>
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>				
Current year encumbrances			1,245,222	
Prior year encumbrances			(876,652)	
Nonbudgeted activity			55,370	
Total Adjustments To Reconcile To GAAP Basis			423,940	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			266,693	
FUND BALANCE, JULY 1			21,311,619	
<b>FUND BALANCE, JUNE 30</b>			<b>\$ 21,578,312</b>	

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**PUBLIC SAFETY SALES TAX SPECIAL REVENUE FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General taxes:				
Sales tax	\$ 2,000,000	2,237,200	2,237,170	(30)
Investment income	1,000	1,000	2	(998)
Total Revenues	<u>2,001,000</u>	<u>2,238,200</u>	<u>2,237,172</u>	<u>(1,028)</u>
<b>EXPENDITURES</b>				
Public safety:				
Personnel services	70,630	70,630	614,431	543,801
Capital outlay	255,065	365,265	262,206	(103,059)
Debt service:				
Principal	108,900	108,900	108,872	(28)
Interest and fiscal charges	5,600	5,600	53,464	47,864
Total Expenditures	<u>440,195</u>	<u>550,395</u>	<u>1,038,973</u>	<u>488,578</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,560,805</u>	<u>1,687,805</u>	<u>1,198,199</u>	<u>(489,606)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	<u>(2,070,535)</u>	<u>(2,070,535)</u>	<u>(986,608)</u>	<u>1,083,927</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (509,730)</u>	<u>(382,730)</u>	<u>211,591</u>	<u>594,321</u>
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>				
Current year encumbrances			497,264	
Prior year encumbrances			<u>(1,957,879)</u>	
Total Adjustments To Reconcile To GAAP Basis			<u>(1,460,615)</u>	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			(1,249,024)	
FUND BALANCE, JULY 1			<u>1,078,779</u>	
<b>FUND BALANCE (DEFICIT), JUNE 30</b>			<u>\$ (170,245)</u>	

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**OLIVE I-170 TIF SPECIAL REVENUE FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General taxes	\$ -	1,783,220	1,965,439	182,219
Interest	-	-	46,898	46,898
Total Revenues	<u>-</u>	<u>1,783,220</u>	<u>2,012,337</u>	<u>229,117</u>
<b>EXPENDITURES</b>				
Community development	-	1,980,700	1,000,492	(980,208)
Total Expenditures	<u>-</u>	<u>1,980,700</u>	<u>1,000,492</u>	<u>(980,208)</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>-</u>	<u>(197,480)</u>	<u>1,011,845</u>	<u>1,209,325</u>
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>				
Community Development	-	-	(15,327,704)	15,327,704
Interest	-	-	(8,728,907)	8,728,907
Issuance costs	-	-	(2,230,583)	2,230,583
Discount on bonds issued	-	-	(244,744)	(244,744)
Payment to refunding escrow	-	-	(73,901,661)	(73,901,661)
Issuance of notes	-	-	104,506,208	104,506,208
Total Adjustments To Receivable To GAAP Basis	<u>-</u>	<u>-</u>	<u>4,072,609</u>	<u>4,072,609</u>
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	<u>\$ -</u>	<u>(197,480)</u>	<u>5,084,454</u>	<u>5,281,934</u>
FUND BALANCE, JULY 1			<u>4,156,309</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 9,240,763</u>	

## **Explanation of Budgetary Process**

The City Council follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

- a. City department directors prepare departmental operating budgets and the Director of Finance makes revenue projections on or before January 31.
- b. Departmental meetings are conducted during the month of February with the City Manager and the Director of Finance to allow the departments to support their budgets.
- c. Preliminary budget summaries of revenues and expenditures/expenses are prepared for review by the City Manager.
- d. Final budget decisions are made by the City Manager by March 25.
- e. A proposed budget is submitted to the City Council by May 1.
- f. A public hearing to obtain taxpayer comments on the budget is held by the City Council during the month of May.
- g. Prior to July 1, the budget is legally enacted. Projected expenditures cannot exceed estimated revenues plus fund balances at the beginning of the year.
- h. Budgetary control is exercised by the City Council at the department and fund levels. This is the legal level of control. All unexpended appropriations lapse at year-end.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that encumbered amounts are treated as expenditures for budgetary purposes and certain assessment revenue amounts are not budgeted. Therefore, liquidating prior year encumbrances may create negative expenditure amounts. In addition, the governmental funds costs for fleet services are reported as transfer out rather than expenditures for budget purposes.

The budgeted amounts included in the basic financial statements are as originally adopted or amended by the City Council, pursuant to State Statutes. The City Manager may approve the transfer of any unencumbered appropriation balance or portion thereof from one classification of expenditures to another within a department and fund under \$25,000. At the request of the City Manager, the City Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another. No transfer shall be made of specified fixed appropriations. The City Council adopts annual budgets for the General Fund, Public Safety Sales Tax Fund, the Olive I-170 TIF Fund, Loop SBD Fund, Parkview Gardens SBD Fund, Grants Fund, Sewer Lateral Fund, Economic Development Fund, Park and Storm Water Sales Tax Fund, the Capital Improvement Sales Tax Fund, ARPA Fund, and the Debt Service Fund.

For the year ended June 30, 2023, expenditures exceeded appropriations as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Public Safety Sales Tax Fund	\$ 550,395	1,038,973	488,578
ARPA Fund	2,235	2,975	740

These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future years revenues.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS - POLICE AND FIREMEN'S RETIREMENT FUND**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>									
Service cost	\$ 931,009	839,538	923,773	682,539	604,737	597,064	591,055	610,116	608,084
Interest on the total pension liability	2,412,526	2,370,687	2,253,405	2,246,600	2,202,287	2,274,929	2,271,069	2,188,136	2,097,324
Difference between expected and actual experience	1,395,416	(132,464)	915,656	133,149	498,707	(1,275,081)	(85,791)	929,548	(877,893)
Changes of assumptions	1,012,867	138,806	(1,221,119)	478,385	(76,768)	(25,051)	(663,112)	450,417	1,622,584
Benefit payments, including refunds	(2,479,685)	(2,617,622)	(2,473,784)	(2,832,901)	(2,615,089)	(2,489,160)	(2,412,822)	(2,116,120)	(1,974,487)
Net Change In Total Pension Liability	3,272,133	598,945	397,931	707,772	613,874	(917,299)	(299,601)	2,062,097	1,475,612
Total Pension Liability Beginning	37,519,715	36,920,770	36,522,839	35,815,067	35,201,193	36,118,492	36,418,093	34,355,996	32,880,384
Total Pension Liability Ending (a)	<u>\$ 40,791,848</u>	<u>37,519,715</u>	<u>36,920,770</u>	<u>36,522,839</u>	<u>35,815,067</u>	<u>35,201,193</u>	<u>36,118,492</u>	<u>36,418,093</u>	<u>34,355,996</u>
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	\$ 1,645,156	1,851,726	1,515,053	1,444,983	992,162	1,003,259	953,082	948,230	1,629,726
Net investment income	3,240,106	(2,516,381)	6,560,952	54,945	1,435,150	1,994,394	2,571,984	260,042	1,225,487
Benefit payments, including refunds	(2,479,685)	(2,617,622)	(2,473,784)	(2,832,901)	(2,615,089)	(2,489,160)	(2,412,822)	(2,116,120)	(1,974,487)
Administrative expense	(94,003)	(80,758)	(75,236)	(86,724)	(66,522)	(157,647)	(120,970)	(264,001)	(481,979)
Other changes	(30,823)	(26,858)	(31,413)	(26,889)	(25,241)	(22,763)	(22,650)	-	-
Net Change In Plan Fiduciary Net Position	2,280,751	(3,389,893)	5,495,572	(1,446,586)	(279,540)	328,083	968,624	(1,171,849)	398,747
Plan Fiduciary Net Position Beginning	26,383,461	29,773,354	24,277,782	25,724,368	26,003,908	25,675,825	24,707,201	25,879,050	25,480,303
Plan Fiduciary Net Position Ending (b)	<u>\$ 28,664,212</u>	<u>26,383,461</u>	<u>29,773,354</u>	<u>24,277,782</u>	<u>25,724,368</u>	<u>26,003,908</u>	<u>25,675,825</u>	<u>24,707,201</u>	<u>25,879,050</u>
<b>Net Pension Liability Ending (a)-(b)</b>	<u>\$ 12,127,636</u>	<u>11,136,254</u>	<u>7,147,416</u>	<u>12,245,057</u>	<u>10,090,699</u>	<u>9,197,285</u>	<u>10,442,667</u>	<u>11,710,892</u>	<u>8,476,946</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.27 %	70.32	80.64	66.47	71.83	73.87	71.09	67.84	75.33
Covered Payroll	\$ 9,997,102	9,576,119	9,005,053	7,991,234	7,574,611	7,422,334	7,583,112	7,567,499	7,800,144
Net Pension Liability as a Percentage of Covered Payroll	121.31 %	116.29	79.37	153.23	133.22	123.91	137.71	154.75	108.68

Notes:

Information is not available for fiscal years prior to 2015.

Changes in assumptions and methods from the disclosure as of June 30, 2023 are as follows:

- The municipal bond rate of 4.13% was updated from 4.09%
- The blended discount rate changed to 6.80% from 6.48%
- Demographic assumptions adjusted in accordance with the experience study completed in April of 2023



**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Non-Uniformed Employees' Retirement Fund</b>									
Actuarially determined pension contributions	\$ 695,417	695,417	832,667	1,213,698	945,390	876,694	921,929	867,427	759,255
Contributions in relation to the actuarially determined contributions	<u>951,345</u>	<u>1,076,345</u>	<u>2,036,752</u>	<u>991,985</u>	<u>880,000</u>	<u>1,044,500</u>	<u>1,026,700</u>	<u>870,000</u>	<u>1,956,620</u>
Contribution Deficiency (Excess)	<u>\$ (255,928)</u>	<u>(380,928)</u>	<u>(1,204,085)</u>	<u>221,713</u>	<u>65,390</u>	<u>(167,806)</u>	<u>(104,771)</u>	<u>(2,573)</u>	<u>(1,197,365)</u>
Covered Payroll	7,662,553	6,890,712	7,090,886	8,415,560	6,820,663	6,457,867	6,913,048	7,100,910	6,622,423
Contributions as a Percentage of Covered Payroll	12.42 %	15.62	28.72	11.79	12.90	16.17	14.85	12.25	29.55
<b>Police and Firemen's Retirement Fund</b>									
Actuarially determined pension contributions	\$ 2,275,659	1,712,432	1,776,636	1,560,137	1,452,047	1,275,970	1,406,650	1,396,746	1,294,175
Contributions in relation to the actuarially determined contributions	<u>1,645,156</u>	<u>1,851,726</u>	<u>1,571,900</u>	<u>1,444,983</u>	<u>992,162</u>	<u>1,003,259</u>	<u>953,082</u>	<u>948,230</u>	<u>1,629,726</u>
Contribution Deficiency (Excess)	<u>\$ 630,503</u>	<u>(139,294)</u>	<u>204,736</u>	<u>115,154</u>	<u>459,885</u>	<u>272,711</u>	<u>453,568</u>	<u>448,516</u>	<u>(335,551)</u>
Covered Payroll	\$ 9,997,102	9,576,119	9,005,053	7,991,234	7,574,611	7,422,334	7,583,112	7,567,499	7,800,144
Contributions as a Percentage of Covered Payroll	16.46 %	19.34	17.46	18.08	13.10	13.52	12.57	12.53	20.89

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	13-year amortization as a level dollar of the unfunded accrued liability
Asset valuation method	Fair value of assets, 20% corridor
Inflation rate	3.0%
Salary increases	3.75%, including inflation
Investment rate of return	6.8%, net of investment expenses
Retirement age	Age based table of rates that are specific to the type of eligibility condition
Mortality	For non-uniform employees, Pub-2010 General Amount-Weighted Mortality Tables, with separate rates for employees and retirees, and projected generationally using scale MP-2021. For police and fire employees, Pub-2010 Amount Weighted Below Median Public Safety Mortality Table, with separate rates for employees and retirees, and projected generationally

Other information:

There were no benefit changes during the year.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF ANNUAL**  
**MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS -**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expenses:									
Non-Uniformed Employees' Retirement Fund	14.1 %	(9.2)	27.9	0.4	6.6	7.1	11.0	1.6	5.1
Police and Firemen's Retirement Fund	12.5	(8.6)	27.6	0.2	5.7	8.0	10.8	1.0	4.9

Note:

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**NON-UNIFORMED EMPLOYEE'S RETIREMENT FUND**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer's proportion of net pension liability	85.81 %	90.72	87.60	87.80	90.48
Employer's proportionate share of net pension liability (asset)	\$ 2,032,043	4,848,625	1,185,206	7,008,210	5,481,010
Employer's covered payroll	6,575,202	6,250,951	6,239,980	7,405,693	6,138,597
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	30.90 %	77.57	18.99	94.63	89.29
Plan fiduciary net position as a percentage of the total pension liability	92.57	83.15	95.61	74.54	79.61

Changes in assumptions and methods from the disclosure as of June 30, 2023 - The municipal bond rate of 4.13% was updated from 4.09%, the blended discount rate changed to 6.80% from 6.48%, and the demographic assumptions were adjusted in accordance with the experience study completed in April of 2023.

Changes in assumptions and methods from the disclosure as of June 30, 2022 - The municipal bond rate of 4.09% was updated from 2.18%, the blended discount rate changed to 6.48% from 6.50%, and the mortality improvement scale assumption was updated from scale MP-2020 to MP-2021 mortality improvement scale.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 67,004	71,721	47,039	43,410	39,745	41,870
Interest on the total OPEB liability	25,209	22,129	35,009	36,693	33,062	28,993
Difference between expected and actual experience	(81,874)	-	(20,972)	-	37,913	-
Changes of assumptions or other inputs	(216,745)	(27,346)	59,794	36,277	61,414	(34,414)
Benefit payments	(87,655)	(88,401)	(57,272)	(51,020)	(44,470)	(42,678)
Other	-	-	-	-	(28,337)	-
Net Change In Total OPEB Liability	<u>(294,061)</u>	<u>(21,897)</u>	<u>63,598</u>	<u>65,360</u>	<u>99,327</u>	<u>(6,229)</u>
Total OPEB Liability Beginning	<u>1,096,972</u>	<u>1,118,869</u>	<u>1,055,271</u>	<u>989,911</u>	<u>890,584</u>	<u>896,813</u>
Total OPEB Liability Ending	<u>\$ 802,911</u>	<u>1,096,972</u>	<u>1,118,869</u>	<u>1,055,271</u>	<u>989,911</u>	<u>890,584</u>
Covered - Employee Payroll	\$ 15,925,683	15,784,038	15,784,038	12,961,517	12,961,517	13,383,755
Total OPEB Liability as a Percentage of Covered Payroll	5.04 %	6.95	7.09	8.14	7.64	6.65

Notes:

There are no assets accumulated in a trust to pay related benefits for the OPEB plan.

Information is not available for fiscal years prior to 2018.

*Changes of assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2023	4.31 %
2022	2.25
2021	1.93
2020	3.26
2019	3.64
2018	3.16

Changes in assumptions and methods as of June 30, 2023 are as follows:

- The per capita claims cost assumptions were updated to reflect premium rates as of July 1, 2023.
- The retirement, withdrawal and disability rates have been updated to reflect the experience study that was completed in April of 2023, to be consistent with the pension valuation.
- The salary scale has been updated from 3.00% to 3.75% to be consistent with the pension valuation.
- The discount rate was updated from 2.25% as of December 31, 2021 to 4.31% as of December 31, 2022. The 4.31% rate was selected based on the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2022.

## **OTHER SUPPLEMENTAL INFORMATION SECTION**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures of particular purposes.

**Committee for Access and Local Origination Programming (CALOP)** -- This fund was established to account for revenues and expenditures for studies of the educational and cultural programming needs of the City and encouraging the development of programs to meet those needs.

**University City Loop Special Business District** -- The City has established this fund to account for property tax revenues and expenditures related to promoting retail trade activities and enhancing the environment of a Special Business District (SBD) of the City, referred to as the Loop.

**Parkview Gardens Special Business District** -- The City established this fund in fiscal 1997 to account for the property tax revenues and expenditures related to enhancing the environment of an SBD of the City.

**Grants Fund** -- The City established this fund to account for the revenues and expenditures related to grants awarded by the Federal government, State of Missouri, St. Louis County, and other local grantors.

**Sewer Lateral** -- The City established this fund to account for sewer lateral fee revenues and expenditures related to sewer lateral repairs.

**Economic Development** -- The City established this fund to promote economic development through economic sales tax.

**Park and Storm Water Sales Tax Fund** -- The City established this fund to account for a revenue resource from the one-half cents Park and Storm Water sales tax passed by voters in November 2001.

**Capital Improvement Sales Tax Fund** -- This fund is used to account for a revenue resource from the one-half cents Capital Improvement sales tax (pooled) passed by voters in April 1996.

**ARPA Fund** -- This fund is used to account for the grant revenue resources from the American Rescue Plan Act (ARPA). This revenue is used for eligible expenditures related to the ARPA grant.

**Pension Tax** -- The City established this fund to account for the property tax revenues and expenditures related to taxes for the pension plan.

**IDA** -- The city established the IDA to develop, advance, encourage, and prime commercial industrial and manufacturing facilities within the city.

**Debt Service Fund** -- The debt service fund is used to pay debt and interest payments on funds received in current and previous years.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	Special Revenue Funds											Total Nonmajor Governmental Funds	
	CALOP	Loop SBD	Parkview Gardens SBD	Grants	Sewer Lateral	Economic Development	Park And Storm Water Sales Tax	Capital Improvement Sales Tax	ARPA	Pension Tax	IDA		Debt Service
<b>ASSETS</b>													
Cash and investments	\$ 154,265	16,294	176,391	2	508,020	3,258,516	2,347,547	3,124,773	607,982	-	52	900,000	11,093,842
Receivables:													
Taxes	-	-	1,356	-	5,673	173,045	290,058	489,292	-	94,674	-	-	1,054,098
Grants	-	-	-	278,379	-	-	-	-	-	-	-	-	278,379
Other	-	-	-	-	-	-	313,838	-	-	-	-	-	313,838
Due from other funds	-	-	-	100,432	-	14,057	2,125	129,948	-	-	-	-	246,562
<b>Total Assets</b>	<u>\$ 154,265</u>	<u>16,294</u>	<u>177,747</u>	<u>378,813</u>	<u>513,693</u>	<u>3,445,618</u>	<u>2,953,568</u>	<u>3,744,013</u>	<u>607,982</u>	<u>94,674</u>	<u>52</u>	<u>900,000</u>	<u>12,986,719</u>
<b>LIABILITIES</b>													
Accounts payable	\$ -	7,013	-	246,740	17,500	94,136	143,884	200,241	-	-	-	-	709,514
Due to other funds	-	-	-	132,073	4,248	802	163,412	104,379	-	-	-	-	404,914
Due to others	-	-	-	-	-	-	-	-	94,674	-	-	-	94,674
Advance from other funds	-	-	-	-	15,643	-	-	-	-	-	-	-	15,643
Unearned revenue	-	-	-	-	-	-	-	209,579	607,982	-	-	-	817,561
<b>Total Liabilities</b>	<u>-</u>	<u>7,013</u>	<u>-</u>	<u>378,813</u>	<u>37,391</u>	<u>94,938</u>	<u>307,296</u>	<u>514,199</u>	<u>607,982</u>	<u>94,674</u>	<u>-</u>	<u>-</u>	<u>2,042,306</u>
<b>FUND BALANCES</b>													
Restricted for:													
Public safety sales tax	-	-	-	-	-	-	-	-	-	-	-	400,000	400,000
Special business districts	-	9,281	177,747	-	-	-	-	-	-	-	-	-	187,028
Sewer lateral	-	-	-	-	476,302	-	-	-	-	-	-	-	476,302
Economic development	-	-	-	-	-	3,350,680	-	-	-	-	-	-	3,350,680
Park and stormwater	-	-	-	-	-	-	2,646,272	-	-	-	-	-	2,646,272
Capital projects	-	-	-	-	-	-	-	3,229,814	-	-	-	300,000	3,529,814
CALOP	154,265	-	-	-	-	-	-	-	-	-	-	-	154,265
IDA	-	-	-	-	-	-	-	-	-	52	-	-	52
Committed for:													
Debt service	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000
<b>Total Fund Balances</b>	<u>154,265</u>	<u>9,281</u>	<u>177,747</u>	<u>-</u>	<u>476,302</u>	<u>3,350,680</u>	<u>2,646,272</u>	<u>3,229,814</u>	<u>-</u>	<u>-</u>	<u>52</u>	<u>900,000</u>	<u>10,944,413</u>
<b>Total Liabilities And Fund Balances</b>	<u>\$ 154,265</u>	<u>16,294</u>	<u>177,747</u>	<u>378,813</u>	<u>513,693</u>	<u>3,445,618</u>	<u>2,953,568</u>	<u>3,744,013</u>	<u>607,982</u>	<u>94,674</u>	<u>52</u>	<u>900,000</u>	<u>12,986,719</u>

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds											Total Nonmajor Governmental Funds	
	CALOP	Loop SBD	Parkview Gardens SBD	Grants	Sewer Lateral	Economic Development	Park And Storm Water Sales Tax	Capital Improvement Sales Tax	ARPA	Pension Tax	IDA		Debt Service
<b>REVENUES</b>													
General taxes:													
Current real estate tax	\$ -	33,929	108,431	-	-	-	-	-	892,859	-	-	1,035,219	
Delinquent real estate tax	-	-	-	-	-	-	-	-	22,462	-	-	22,462	
Current personal property tax	-	-	-	-	-	-	-	-	165,518	-	-	165,518	
Delinquent personal property tax	-	-	-	-	-	-	-	-	19,082	-	-	19,082	
Sales tax	-	-	-	-	943,207	1,680,852	2,760,269	-	-	-	-	5,384,328	
Total General Taxes	-	33,929	108,431	-	-	943,207	1,680,852	2,760,269	-	1,099,921	-	6,626,609	
Charges for services	-	-	-	-	566,428	-	-	-	-	-	-	566,428	
Intergovernmental	-	35	-	458,696	-	313,838	-	3,502,975	-	-	-	4,275,544	
Licenses, permits, fines, and fees	-	26,222	-	-	-	-	-	-	-	-	-	26,222	
Investment income	-	48	70	-	-	16	32	3	-	-	-	169	
Misc.	-	185,806	41,416	-	-	-	-	-	-	-	-	227,222	
Total Revenues	-	246,040	149,917	458,696	566,428	943,223	1,994,722	2,760,272	3,502,975	1,099,921	-	11,722,194	
<b>EXPENDITURES</b>													
Current:													
General government	10,000	296,855	88,065	-	-	-	-	-	-	-	-	394,920	
Public safety	-	-	-	-	-	-	-	-	1,099,921	-	-	1,099,921	
Public works	-	-	-	-	422,035	-	799,950	292,233	-	-	-	1,514,218	
Community development	-	-	-	-	-	591,706	-	-	-	-	-	591,706	
Capital outlay	-	-	-	458,696	-	-	677,660	1,009,858	2,975	-	-	2,149,189	
Debt service:													
Interest	-	-	-	-	774	-	236	-	-	-	-	1,010	
Total Expenditures	10,000	296,855	88,065	458,696	422,809	591,706	1,477,846	1,302,091	2,975	1,099,921	-	5,750,964	
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(10,000)	(50,815)	61,852	-	143,619	351,517	516,876	1,458,181	3,500,000	-	-	5,971,230	
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers in	-	-	-	-	-	-	-	-	-	-	900,000	900,000	
Transfers out	-	-	-	-	(4)	(40,000)	(247,708)	(808,589)	(3,500,000)	-	-	(4,596,301)	
Total Other Financing Sources (Uses)	-	-	-	-	(4)	(40,000)	(247,708)	(808,589)	(3,500,000)	-	900,000	(3,696,301)	
<b>NET CHANGE IN FUND BALANCES</b>	(10,000)	(50,815)	61,852	-	143,615	311,517	269,168	649,592	-	-	900,000	2,274,929	
FUND BALANCES, JULY 1	164,265	60,096	115,895	-	332,687	3,039,163	2,377,104	2,580,222	-	-	52	8,669,484	
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 154,265</u>	<u>9,281</u>	<u>177,747</u>	<u>-</u>	<u>476,302</u>	<u>3,350,680</u>	<u>2,646,272</u>	<u>3,229,814</u>	<u>-</u>	<u>-</u>	<u>52</u>	<u>900,000</u>	<u>10,944,413</u>



**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**LOOP SBD SPECIAL REVENUE FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General taxes:				
Current real estate tax	\$ 47,000	47,000	33,929	(13,071)
Intergovernmental	271,850	271,850	35	(271,815)
Licenses, permits, fines, and fees	30,000	30,000	26,222	(3,778)
Investment income	-	-	48	48
Other	1,000	1,000	185,806	184,806
Total Revenues	349,850	349,850	246,040	(103,810)
<b>EXPENDITURES</b>				
General government:				
Contractual services	318,050	318,050	296,699	(21,351)
Commodities	31,800	31,800	156	(31,644)
Total Expenditures	349,850	349,850	296,855	(52,995)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>-</b>	<b>(50,815)</b>	<b>(50,815)</b>
<b>FUND BALANCE, JULY 1</b>			<b>60,096</b>	
<b>FUND BALANCE, JUNE 30</b>			<b>\$ 9,281</b>	

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**PARKVIEW GARDENS SBD SPECIAL REVENUE FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
General taxes:			
Current real estate tax	\$ 92,500	108,431	15,931
Investment income	300	70	(230)
Miscellaneous	-	41,416	41,416
Total Revenues	92,800	149,917	57,117
<b>EXPENDITURES</b>			
General government:			
Contractual services	92,800	88,065	(4,735)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>61,852</b>	<b>61,852</b>
FUND BALANCE, JULY 1		115,895	
<b>FUND BALANCE, JUNE 30</b>		<b>\$ 177,747</b>	

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GRANTS SPECIAL REVENUE FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,024,000	1,024,000	458,696	(565,304)
<b>EXPENDITURES</b>				
Capital outlay	1,024,000	1,024,000	556,965	(467,035)
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	\$ -	-	(98,269)	(98,269)
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>				
Current year encumbrances			268,258	
Prior year encumbrances			(169,989)	
Total Adjustments To Reconcile To GAAP Basis			98,269	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			-	
<b>FUND BALANCE, JULY 1</b>			-	
<b>FUND BALANCE, JUNE 30</b>			\$ -	

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**SEWER LATERAL SPECIAL REVENUE FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 580,000	580,000	566,428	(13,572)
<b>EXPENDITURES</b>				
Public works:				
Personnel services	86,495	86,495	78,922	(7,573)
Contractual services	407,975	407,975	235,711	(172,264)
Debt service:				
Interest and fiscal charges	-	-	774	774
Total Expenditures	494,470	494,470	315,407	(179,063)
<b>REVENUES OVER EXPENDITURES</b>	85,530	85,530	251,021	165,491
<b>OTHER FINANCING USES</b>				
Transfer out	(57,220)	(57,220)	(4)	(57,216)
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	\$ 28,310	28,310	251,017	222,707
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>				
Current year encumbrances			25,261	
Prior year encumbrances			(132,663)	
Total Adjustments To Reconcile To GAAP Basis			(107,402)	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			143,615	
<b>FUND BALANCE, JULY 1</b>			332,687	
<b>FUND BALANCE, JUNE 30</b>			\$ 476,302	

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General taxes:				
Sales tax	\$ 752,000	918,600	943,207	24,607
Investment income	700	700	16	(684)
Total Revenues	752,700	919,300	943,223	23,923
<b>EXPENDITURES</b>				
Community development:				
Personnel services	354,260	354,260	195,976	(158,284)
Contractual services and other	370,500	847,156	395,730	(451,426)
Total Expenditures	724,760	1,201,416	591,706	(609,710)
<b>REVENUES OVER EXPENDITURES</b>	27,940	(282,116)	351,517	633,633
<b>OTHER FINANCING USES</b>				
Transfer out	(40,000)	(40,000)	(40,000)	-
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	\$ 67,940	(322,116)	311,517	633,633
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>				
Current year encumbrances			31,315	
Prior year encumbrances			(31,315)	
Total Adjustments To Reconcile To GAAP Basis			-	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			311,517	
FUND BALANCE, JULY 1			3,039,163	
<b>FUND BALANCE, JUNE 30</b>			\$ 3,350,680	

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**PARK AND STORM WATER SALES TAX CAPITAL PROJECTS FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budget</b>
<b>REVENUES</b>				
General taxes:				
Sales tax	\$ 1,320,000	1,680,900	1,680,852	(48)
Investment income	1,000	1,000	32	(968)
Grants	-	313,900	313,838	(62)
Total Revenues	1,321,000	1,995,800	1,994,722	(1,078)
<b>EXPENDITURES</b>				
Public works:				
Personnel services	260,355	260,355	203,890	(56,465)
Contractual services	600	600	4,297	3,697
Capital outlay	1,009,965	1,982,648	1,194,079	(788,569)
Debt service:				
Interest and fiscal charges	-	-	236	236
Total Expenditures	1,270,920	2,243,603	1,402,502	(841,101)
<b>REVENUES OVER EXPENDITURES</b>	50,080	(247,803)	592,220	840,023
<b>OTHER FINANCING USES</b>				
Transfer out	(353,280)	(353,280)	(315,422)	(37,858)
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	\$ (303,200)	(601,083)	276,798	877,881
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>				
Current year encumbrances			336,919	
Prior year encumbrances			(344,549)	
Total Adjustments To Reconcile To GAAP Basis			(7,630)	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			269,168	
FUND BALANCE, JULY 1			2,377,104	
<b>FUND BALANCE, JUNE 30</b>			\$ 2,646,272	

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**CAPITAL IMPROVEMENT SALES TAX CAPITAL PROJECTS FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General taxes:				
Sales tax	\$ 2,500,000	2,760,300	2,760,269	(31)
Investment income	1,200	1,200	3	(1,197)
Total Revenues	2,501,200	2,761,500	2,760,272	(1,228)
<b>EXPENDITURES</b>				
Public works:				
Personnel services	308,750	279,240	176,287	(102,953)
Contractual services	1,260	1,260	534	(726)
Capital outlay	1,881,000	2,113,487	1,197,725	(915,762)
Total Expenditures	2,191,010	2,393,987	1,374,546	(1,019,441)
<b>REVENUES (OVER) UNDER EXPEN- DITURES</b>	310,190	367,513	1,385,726	1,018,213
<b>OTHER FINANCING USES</b>				
Transfer out	(924,000)	(924,000)	(924,000)	-
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	\$ (613,810)	(556,487)	461,726	1,018,213
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>				
Current year encumbrances			513,104	
Prior year encumbrances			(325,238)	
Total Adjustments To Reconcile To GAAP Basis			187,866	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			649,592	
FUND BALANCE, JULY 1			2,580,222	
<b>FUND BALANCE, JUNE 30</b>			\$ 3,229,814	

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**ARPA SPECIAL REVENUE FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 3,400,000	3,480,220	3,502,975	22,755
<b>EXPENDITURES</b>				
Capital outlay	-	2,235	2,975	740
<b>REVENUES OVER EXPENDITURES</b>	3,400,000	3,477,985	3,500,000	22,015
<b>OTHER FINANCING USES</b>				
Transfer out	(3,500,000)	(3,500,000)	(3,500,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (100,000)</u>	<u>(22,015)</u>	-	<u>22,015</u>
FUND BALANCE, JULY 1			-	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ -</u>	



**CITY OF UNIVERSITY CITY, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**DEBT SERVICE FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>	\$ -	-	-	-
<b>EXPENDITURES</b>	-	-	-	-
<b>REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES</b>				
Transfer in	900,000	900,000	900,000	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ 900,000	900,000	900,000	-
<b>FUND BALANCE, JULY 1</b>			-	
<b>FUND BALANCE, JUNE 30</b>			\$ 900,000	

## **STATISTICAL SECTION**

This part of the City’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City’s overall financial health.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	95 - 100
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City’s most significant local revenue sources.	101 - 105
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	106 - 108
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	110 - 111
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	112 - 114

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**

(dollars in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 39,201	43,580	45,006	45,617	43,617	45,485	46,832	44,501	44,484	43,015
Restricted	4,127	3,012	3,299	4,319	6,095	5,905	6,226	12,263	13,904	20,024
Unrestricted	25,989	13,742	9,798	6,694	3,070	2,817	528	(38,692)	(53,023)	(83,177)
Total Governmental Activities										
Net Position	<u>\$ 69,317</u>	<u>60,334</u>	<u>58,103</u>	<u>56,630</u>	<u>52,782</u>	<u>54,207</u>	<u>53,586</u>	<u>18,072</u>	<u>5,365</u>	<u>(20,138)</u>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 2,704	2,935	3,569	3,426	3,075	4,166	3,702	3,464	3,165	3,562
Restricted	50	50	50	50	50	-	-	-	-	-
Unrestricted	1,915	1,319	109	206	265	(859)	(1,145)	(1,431)	(1,997)	(937)
Total Business-type Activities										
Net Position	<u>\$ 4,669</u>	<u>4,304</u>	<u>3,728</u>	<u>3,682</u>	<u>3,390</u>	<u>3,307</u>	<u>2,557</u>	<u>2,033</u>	<u>1,168</u>	<u>2,625</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 41,905	46,515	48,575	49,043	46,692	49,651	50,534	47,965	47,649	46,577
Restricted	4,177	3,062	3,349	4,369	6,145	5,905	6,226	12,263	13,904	20,024
Unrestricted	27,904	15,061	9,907	6,900	3,335	1,958	(617)	(40,123)	(55,020)	(84,114)
Total Primary Government										
Net Position	<u>\$ 73,986</u>	<u>64,638</u>	<u>61,831</u>	<u>60,312</u>	<u>56,172</u>	<u>57,514</u>	<u>56,143</u>	<u>20,105</u>	<u>6,533</u>	<u>(17,513)</u>

Notes:

In 2019, the City changed accounting for the Golf from a General Fund department to an Enterprise Fund.

In 2021, the City issued tax increment financing debt which reduced governmental activities unrestricted net position.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**

*(dollars in thousands)*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 7,891	8,385	10,592	8,924	3,244	3,525	3,542	3,221	3,379	3,982
Public safety	12,600	12,807	13,565	13,039	15,076	15,848	17,704	17,298	17,021	20,824
Public works and parks	7,034	5,634	5,512	6,292	9,226	-	-	-	-	-
Public works	-	-	-	-	-	6,037	6,743	5,817	6,264	7,718
Community development and recreation	2,055	2,135	2,990	3,067	4,328	-	-	-	-	-
Parks, recreation and forestry	-	-	-	-	-	4,143	3,725	2,797	3,334	4,869
Planning and development	-	-	-	-	-	1,466	2,232	43,178	18,513	19,061
Interest and fiscal charges	139	125	112	116	107	90	76	851	792	7,314
Total Governmental Activities Expenses	<u>29,719</u>	<u>29,086</u>	<u>32,771</u>	<u>31,438</u>	<u>31,981</u>	<u>31,109</u>	<u>34,022</u>	<u>73,162</u>	<u>49,303</u>	<u>63,768</u>
Business-type Activities:										
Parking facility	173	167	166	178	183	183	228	135	143	137
Golf course	-	-	-	-	-	751	766	769	915	947
Sanitation	2,519	3,033	3,359	3,137	2,682	4,114	3,822	3,845	4,099	4,082
Total Business-type Activities Expenses	<u>2,692</u>	<u>3,200</u>	<u>3,525</u>	<u>3,315</u>	<u>2,865</u>	<u>5,048</u>	<u>4,816</u>	<u>4,749</u>	<u>5,157</u>	<u>5,166</u>
Total Primary Government Expenses	<u>\$ 32,411</u>	<u>32,286</u>	<u>36,296</u>	<u>34,753</u>	<u>34,846</u>	<u>36,157</u>	<u>38,838</u>	<u>77,911</u>	<u>54,460</u>	<u>68,934</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General government	\$ 1,145	1,167	938	1,110	576	576	514	611	570	547
Public safety	1,611	1,473	1,140	739	654	1,003	1,673	1,599	1,776	1,746
Public works and parks	1,012	956	1,141	958	1,571	-	-	-	-	-
Public works	-	-	-	-	-	1,848	1,379	1,616	1,937	2,270
Community development and recreation	1,536	1,576	1,537	1,559	1,589	-	-	3,000	-	368
Parks, recreation and forestry	-	-	-	-	-	718	428	34	308	85
Operating grants and contributions	2,281	2,465	2,486	2,553	2,561	2,462	2,446	5,116	2,739	3,498
Capital grants and contributions	2,182	582	1,593	956	89	1,761	2,349	526	613	819
Total Governmental Activities Program Revenues	<u>9,767</u>	<u>8,219</u>	<u>8,835</u>	<u>7,875</u>	<u>7,040</u>	<u>8,368</u>	<u>8,789</u>	<u>12,502</u>	<u>7,943</u>	<u>9,333</u>
Business-type Activities:										
Parking facility	254	175	137	215	127	197	189	112	175	178
Golf course	-	-	-	-	-	839	756	1,119	1,068	1,136
Sanitation	3,104	2,964	2,796	3,054	3,135	3,163	3,117	3,029	3,092	3,106
Operating grants and contributions	-	-	-	-	-	-	-	34	16	-
Total Business-type Activities Program Revenues	<u>3,358</u>	<u>3,139</u>	<u>2,933</u>	<u>3,269</u>	<u>3,262</u>	<u>4,199</u>	<u>4,062</u>	<u>4,294</u>	<u>4,351</u>	<u>4,420</u>
Total Primary Government Program Revenues	<u>13,125</u>	<u>11,358</u>	<u>11,768</u>	<u>11,144</u>	<u>10,302</u>	<u>12,567</u>	<u>12,851</u>	<u>16,796</u>	<u>12,294</u>	<u>13,753</u>
Net Revenue (Expenses):										
Governmental activities	(19,952)	(20,867)	(23,936)	(23,563)	(24,941)	(22,741)	(25,233)	(60,660)	(41,360)	(54,435)
Business-type activities	666	(61)	(592)	(46)	397	(849)	(754)	(455)	(806)	(746)
Total Primary Government Net Expense	<u>\$ (19,286)</u>	<u>(20,928)</u>	<u>(24,528)</u>	<u>(23,609)</u>	<u>(24,544)</u>	<u>(23,590)</u>	<u>(25,987)</u>	<u>(61,115)</u>	<u>(42,166)</u>	<u>(55,181)</u>

**(Continued)**

**CITY OF UNIVERSITY CITY, MISSOURI**  
**CHANGES IN NET POSITION (Continued)**  
**LAST TEN FISCAL YEARS**

*(dollars in thousands)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes	\$ 21,030	21,822	21,533	21,538	23,491	23,610	23,222	24,337	24,119	28,102
Investment income	47	42	42	21	28	253	233	57	(28)	349
Gain on sale of assets	-	-	103	58	-	30	19	-	234	-
Intergovernmental	-	-	-	-	-	-	-	-	2,849	3,503
Other	55	44	27	473	1,117	1,031	579	465	675	3,121
Transfers	-	-	-	-	-	225	-	70	65	(2,199)
Total Governmental Activities	<u>21,132</u>	<u>21,908</u>	<u>21,705</u>	<u>22,090</u>	<u>24,636</u>	<u>25,149</u>	<u>24,053</u>	<u>24,929</u>	<u>27,914</u>	<u>32,876</u>
Business-type Activities:										
Investment income (expense)	4	-	1	-	1	8	(6)	-	7	4
Gain on sale of assets	-	-	15	-	-	-	10	1	-	-
Transfers	-	-	-	-	-	(225)	-	(70)	(65)	2,199
Total Business-type Activities	<u>4</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>1</u>	<u>(217)</u>	<u>4</u>	<u>(69)</u>	<u>(58)</u>	<u>2,203</u>
Total Primary Government	<u>\$ 21,136</u>	<u>21,908</u>	<u>21,721</u>	<u>22,090</u>	<u>24,637</u>	<u>24,932</u>	<u>24,057</u>	<u>24,860</u>	<u>27,856</u>	<u>35,079</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,180	1,041	(2,231)	(1,473)	(305)	2,408	(1,180)	(35,731)	(13,446)	(21,559)
Business-type activities	662	(61)	(608)	(46)	396	(1,065)	(750)	(524)	(864)	1,457
Total Primary Government	<u>\$ 1,842</u>	<u>980</u>	<u>(2,839)</u>	<u>(1,519)</u>	<u>91</u>	<u>1,343</u>	<u>(1,930)</u>	<u>(36,255)</u>	<u>(14,310)</u>	<u>(20,102)</u>

Notes:

- In 2019, the City changed departmental accounting for the public works, parks and recreation, and community development.
- In 2019, the City changed accounting for the Golf from a General Fund department to an Enterprise Fund.
- In 2021, the City issued tax increment financing debt which increased the planning and development expense function.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**GENERAL GOVERNMENT TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**

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*(dollars in thousands)*

<b>For The Years Ended June 30</b>	<b>Property Tax</b>	<b>Sales And Local Use Tax</b>	<b>Gross Receipts Tax</b>	<b>Miscellaneous Tax</b>	<b>Total</b>
2014	\$ 4,468	\$ 9,779	\$ 6,755	\$ 28	\$ 21,030
2015	4,419	10,453	6,741	45	21,658
2016	4,520	10,757	6,063	251	21,591
2017	4,522	10,716	6,117	245	21,600
2018	4,600	12,308	6,409	174	23,491
2019	4,625	12,707	6,099	179	23,610
2020	4,797	12,600	5,640	185	23,222
2021	4,707	13,922	5,517	191	24,337
2022	3,920	14,176	5,830	193	24,119
2023	5,204	15,801	6,905	192	28,102

**CITY OF UNIVERSITY CITY, MISSOURI**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

*(dollars in thousands)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>General Fund</b>										
Nonspendable	\$ 2,489	2,200	1,685	780	2,237	6,713	6,029	5,358	5,941	4,067
Restricted	655	655	-	-	70	70	-	-	-	38
Committed	958	840	7,840	6,955	6,840	148	-	-	596	608
Assigned	2,389	946	884	-	-	-	584	436	464	1,309
Unassigned	16,008	15,833	8,549	8,968	8,060	10,945	10,172	12,629	14,310	15,556
Total General Fund	<u>\$ 22,499</u>	<u>20,474</u>	<u>18,958</u>	<u>16,703</u>	<u>17,207</u>	<u>17,876</u>	<u>16,785</u>	<u>18,423</u>	<u>21,311</u>	<u>21,578</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ -	-	-	-	-	-	-	-	-	-
Restricted	3,456	2,352	3,299	3,807	6,024	5,834	6,226	12,263	13,904	19,985
Committed	-	-	-	-	-	-	-	-	-	200
Assigned	438	425	394	390	378	280	270	245	-	-
Unassigned	<u>(552)</u>	<u>(560)</u>	<u>(1,503)</u>	<u>(317)</u>	<u>(77)</u>	<u>(42)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170)</u>
Total All Other Governmental Funds	<u>\$ 3,342</u>	<u>2,217</u>	<u>2,190</u>	<u>3,880</u>	<u>6,325</u>	<u>6,072</u>	<u>6,496</u>	<u>12,508</u>	<u>13,904</u>	<u>20,015</u>

Notes:  
2017 was restated for various items.  
2019 was restated for various items.  
2020 was restated for various items.



**CITY OF UNIVERSITY CITY, MISSOURI**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

(dollars in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
General taxes	\$ 21,443	21,624	21,341	21,365	23,375	23,511	23,128	24,258	25,304	29,679
Charges for services	3,018	3,092	2,675	2,385	2,440	1,539	1,911	4,747	2,368	2,145
Intergovernmental	4,198	2,747	2,877	3,772	2,256	3,988	4,544	5,403	5,968	7,686
Licenses, permits, fines, and fees	2,625	2,441	2,661	2,403	2,395	2,948	2,198	2,209	2,555	2,744
Investment income	47	42	34	21	28	253	233	57	28	349
Special assessments	87	114	85	72	32	27	36	42	27	55
Distributions from Library	4.00	4	4	4	-	-	-	-	-	-
Other	70	103	96	179	1,276	876	433	369	445	985
<b>Total Revenues</b>	<b>31,492</b>	<b>30,167</b>	<b>29,773</b>	<b>30,201</b>	<b>31,802</b>	<b>33,142</b>	<b>32,483</b>	<b>37,085</b>	<b>36,695</b>	<b>43,643</b>
<b>Expenditures</b>										
General government	6,960	7,975	9,878	8,177	3,064	3,394	3,271	3,011	3,459	3,665
Public safety	11,803	12,775	11,530	12,289	13,674	14,417	16,582	17,059	17,374	18,281
Public works and parks	4,453	4,635	3,954	3,988	5,904	-	-	-	-	-
Public works	-	-	-	-	-	4,239	4,064	3,797	3,787	5,721
Community development and recreation	1,779	1,810	1,364	1,254	3,785	-	-	-	-	-
Community development	-	-	-	-	-	1,749	1,973	42,818	19,393	18,680
Parks and recreation	-	-	-	-	-	2,708	2,633	2,397	2,749	5,810
Capital outlay	5,343	4,949	3,693	4,763	1,469	5,528	3,875	1,373	4,101	4,023
Debt service:										
Principal	1,073	1,084	859	878	885	872	1,301	104	149	152
Interest and fiscal charges	103	90	75	66	71	140	113	75	66	8,784
Bond issuance costs	-	-	-	-	-	-	-	-	-	2,231
<b>Total Expenditures</b>	<b>31,514</b>	<b>33,318</b>	<b>31,353</b>	<b>31,415</b>	<b>28,852</b>	<b>33,047</b>	<b>33,812</b>	<b>70,634</b>	<b>51,078</b>	<b>67,347</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(22)</b>	<b>(3,151)</b>	<b>(1,580)</b>	<b>(1,214)</b>	<b>2,950</b>	<b>95</b>	<b>(1,329)</b>	<b>(33,549)</b>	<b>(14,383)</b>	<b>(23,704)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	-	588	-	-	-	1,058	726	1,170	4,484	5,862
Transfers out	-	(588)	-	-	-	(833)	(726)	(1,100)	(4,419)	(8,061)
Issuance of bonds and notes, net	-	-	-	-	-	-	-	41,029	17,471	104,261
Sale of assets	-	-	-	-	-	-	-	-	1,098	-
Insurance recoveries	-	-	-	-	-	141	431	98	35	1,921
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(73,902)
Issuance of lease	-	-	-	726	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>726</b>	<b>-</b>	<b>366</b>	<b>431</b>	<b>41,197</b>	<b>18,669</b>	<b>30,081</b>
<b>Net Change In Fund Balances</b>	<b>\$ (22)</b>	<b>(3,151)</b>	<b>(1,580)</b>	<b>(488)</b>	<b>2,950</b>	<b>461</b>	<b>(898)</b>	<b>7,648</b>	<b>4,286</b>	<b>6,377</b>
Debt service as a percentage of noncapital expenditures	3.9 %	4.5	4.1	3.4	3.3	3.5	4.7	0.3	0.5	17.5

Notes:

2017 was restated for various items. This schedule has not been restated.  
In 2019, the City changed departmental accounting for the public works, parks and recreation, and community development.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

(dollars in thousands)

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Railroad And Utilities</b>	<b>Total Taxable Assessed Value</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value As A Percentage Of Estimated Actual Taxable Value</b>
2014	\$ 497,822	\$ 57,629	\$ 9,332	\$ 564,783	\$ 2,718,366	20.78 %
2015	500,437	59,837	9,608	569,882	2,734,643	20.84
2016	519,947	60,764	10,616	591,327	3,087,680	19.15
2017	523,841	62,139	9,770	595,750	3,189,787	18.68
2018	575,383	61,830	9,658	646,871	3,112,448	20.78
2019	580,505	63,547	7,549	651,601	3,145,473	20.72
2020	672,337	67,084	8,994	748,415	3,629,832	20.62
2021	673,476	65,700	10,927	750,103	4,027,992	18.62
2022	719,056	74,204	11,308	804,568	4,303,352	18.70
2023	717,750	94,926	9,834	822,510	4,340,509	20.06

<b>Fiscal Year Ended June 30</b>	<b>Total Direct Tax Rate</b>			
	<b>Residential</b>	<b>Commercial</b>	<b>Personal Property</b>	<b>Agricultural</b>
2014	0.753	0.776	0.909	0.000
2015	0.753	0.731	0.879	0.000
2016	0.734	0.694	0.875	0.000
2017	0.690	0.647	0.875	0.000
2018	0.690	0.647	0.875	0.000
2019	0.689	0.662	0.875	0.000
2020	0.610	0.620	0.875	0.000
2021	0.610	0.620	0.875	0.000
2022	0.581	0.620	0.875	0.000
2023	0.581	0.620	0.875	0.000

Notes:

Assessments are based on January 1st valuations. Assessed valuations are determined and certified by the Assessor of St. Louis County.

Railroad and Utilities are State Assessed. Locally assessed are included in Real and Personal. Laclede Gas Company and St. Louis County Water Company are included with personal assessments as they are local concerns.

Source: St. Louis County Assessor

**CITY OF UNIVERSITY CITY, MISSOURI**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of University City	0.7530	0.7530	0.7340	0.7340	0.6900	0.6890	0.6100	0.6100	0.5840	0.5400
St. Louis County	0.5230	0.5230	0.5150	0.5150	0.4890	0.4890	0.4430	0.4430	0.4180	0.3790
University City School District	5.1107	5.1775	5.0929	5.1095	4.9002	4.8726	4.4009	4.4003	4.3430	4.0742
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Metropolitan St. Louis Sewer District	0.0874	0.0879	0.0876	0.1196	0.1159	0.1170	0.1077	0.1078	0.1053	0.0997
Metropolitan Zoological Park and Museum District	0.2797	0.2797	0.2777	0.2795	0.2694	0.2724	0.2549	0.2532	0.2528	0.2340
St. Louis Community College	0.2200	0.2200	0.2176	0.2185	0.2112	0.2129	0.1986	0.1987	0.2787	0.2619
Sheltered Workshop	0.0890	0.0900	0.0880	0.0880	0.0840	0.0840	0.0750	0.0750	0.0700	0.0640
Special School District	1.2400	1.2609	1.2348	1.2409	1.1912	1.1980	1.1077	1.1077	1.0495	0.9616
MSD/University City Storm Sewer	0.0930	0.0930	0.0930	-	-	-	-	-	-	-
MSD/Deer Creek Subdistrict	0.0860	0.0860	0.0830	-	-	-	-	0.0690	0.0660	0.0620
Roads and Bridges	0.1050	0.1050	0.1030	0.1030	0.0980	0.0980	0.0880	0.0880	0.0830	0.0750
University City Library	0.2660	0.2660	0.2590	0.2590	0.2460	0.1920	0.3650	0.3650	0.3520	0.3310

Note: Rates listed above are for residential property.

Source: St. Louis County Assessor (rates stated per \$100 of assessed valuation)

**CITY OF UNIVERSITY CITY, MISSOURI**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

*(dollars in thousands)*

<b>2023</b>			
<b>Rank</b>	<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Percentage Of Total Taxable Assessed Value</b>
1	MOP LLC	\$ 11,780	1.57 %
2	Gatesworth	10,386	1.38
3	District St. Louis LLC	6,207	0.83
4	Missouri American Water Company	5,818	0.78
5	Trilogy LLC	5,338	0.71
6	Costco Wholesale Corporation	3,929	0.52
7	MPAL Real Estate LLC	3,879	0.52
8	St. Louis Loop LLC	3,641	0.49
9	Brentmoor Holdings LLC	2,818	0.38
10	IPX Hampton Park Apartments LLC	2,738	0.37
	Total	<u>\$ 56,534</u>	<u>7.54 %</u>

<b>2014</b>			
<b>Rank</b>	<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Percentage Of Total Taxable Assessed Value</b>
1	Wyncrest Holdings Inc.	\$ 7,186	1.27 %
2	McKnight Place Partnership I LLC	6,251	1.11
3	McKnight Place Partnership II LLP	1,903	0.34
4	MCW RD University City Square LLC	1,894	0.34
5	Missouri American Water Company	1,757	0.31
6	U City Lions LLC	1,723	0.31
7	Mansions on the Plaza LP	1,596	0.28
8	Laclede Gas Company	1,434	0.25
9	McKnight Place Extended Care LLC	1,205	0.21
10	Deutsch Family Investments LLC	1,155	0.20
	Total	<u>\$ 26,104</u>	<u>4.62 %</u>

Sources:

St. Louis County Assessor.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

*(dollars in thousands)*

<b>For The Fiscal Years Ended June 30</b>	<b>Total Tax Levy For Fiscal Year</b>	<b>Collected Within The Fiscal Year Of The Levy</b>		<b>Collections In Subsequent Years</b>	<b>Total Collections To Date</b>	
		<b>Amount</b>	<b>Percentage Of Levy</b>		<b>Amount</b>	<b>Percentage Of Levy</b>
2014	\$ 4,493	\$ 4,228	94.1 %	\$ 270	\$ 4,498	100.0 %
2015	4,491	4,284	95.4	185	4,469	99.5
2016	4,547	4,377	96.3	151	4,528	99.6
2017	4,577	4,384	95.8	140	4,524	98.8
2018	4,551	4,383	96.3	75	4,458	98.0
2019	4,607	4,387	95.2	47	4,434	96.2
2020	4,753	4,539	95.5	61	4,600	96.8
2021	4,761	4,608	96.8	87	4,695	98.6
2022	5,099	4,912	96.3	-	4,912	96.3
2023	5,101	5,033	98.7	65	5,098	99.9

Sources:

St. Louis County Assessor  
City of University City Finance Department

**CITY OF UNIVERSITY CITY, MISSOURI**  
**SALES TAX RATES, DIRECT AND OVERLAPPING**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Years Ended June 30</b>	<b>City Direct Rate</b>	<b>St. Louis County</b>	<b>State Of Missouri</b>
2014	1.500	2.888	4.225 %
2015	1.500	2.888	4.225
2016	1.500	2.888	4.225
2017	1.500	2.888	4.225
2018	1.500	3.388	4.225
2019	1.500	3.513	4.225
2020	1.500	3.513	4.225
2021	1.500	3.513	4.225
2022	1.500	3.513	4.225
2023	1.500	3.513	4.225

**Sales And Local Use Tax**

<b>Fiscal Years Ended June 30</b>	<b>Total Sales Tax Rate</b>	<b>Sales Tax Collections (expressed in thousands)</b>
2014	8.613	9,779
2015	8.613	10,006
2016	8.613	10,303
2017	9.113	10,716
2018	9.238	12,308
2019	9.238	12,707
2020	9.238	13,922
2021	9.238	13,021
2022	9.238	14,061
2023	9.238	14,507

Notes:

The City levies a sales tax of one-half percent (0.50%) for the purpose of parks and storm water, one-half percent (0.50%) for the purpose of capital improvements, one-quarter (0.25%) for the purpose of fire services, and one-quarter (0.25%) for the purpose of economic development.

Additionally, the City receives a portion of 1% sales tax (included in the rates shown above) levied by St. Louis County.

The City participates in the county-wide sales tax sharing pool, which is generally distributed based on population.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

*(dollars in thousands, except per capita amount)*

Fiscal Years Ended June 30	Governmental-type Activities					Business-type Activities		Total Primary Government	Percentage Of Personal Income	Per Capita
	General Obligation Bonds	Tax Increment Debt	Special Obligation Bonds	Certificates Of Participation	Leases	Certificates Of Participation	Leases			
2014	\$ 231	\$ -	\$ 352	\$ 5,003	\$ -	\$ 327	\$ -	\$ 5,913	0.48 %	\$ 169
2015	-	-	307	4,194	-	261	-	4,762	0.90	136
2016	-	-	262	3,380	-	195	-	3,837	0.31	110
2017	-	-	211	2,552	726	128	-	3,617	0.22	103
2018	-	-	160	1,813	630	77	-	2,680	0.22	76
2019	-	-	105	1,095	531	-	-	1,731	0.14	49
2020	-	-	-	-	430	-	-	430	0.04	12
2021	-	41,029	-	-	434	-	49	41,512	3.39	1,186
2022	-	58,500	-	-	286	-	33	58,819	4.80	1,681
2023	-	88,862	-	-	134	-	17	89,013	4.26	2,539

Note: The debt amounts are net of related premiums, discounts and adjustments.

Sources:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Personal income and population data can be found in the Schedule of Demographic and Economic Statistics.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

*(dollars in thousands, except per capita amount)*

<b>Fiscal Years Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Less - Amounts Available In Debt Service Fund</b>	<b>Total</b>	<b>Percentage Of Estimated Actual Taxable Value Of Property</b>	<b>Per Capita</b>
2014	\$ 231	\$ 172	\$ 59	2.17 %	\$ 2
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-

Note: The debt amounts are net of related premiums, discounts and adjustments.

Sources:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Assessed value can be found in the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

Population data can be found in the Schedule of Demographic and Economic Statistics.



**CITY OF UNIVERSITY CITY, MISSOURI**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2023**

*(dollars in thousands)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable To The City</u>	<u>Estimated Share Of Overlapping Debt</u>
St. Louis County	\$ 64,395	2.69 %	\$ 1,734
School District of University City	<u>50,723</u>	98.27	<u>49,845</u>
Total Overlapping Debt	115,118		51,579
University City direct debt	<u>89,013</u>	100.00 %	<u>89,013</u>
Total Direct And Overlapping Debt	<u><u>\$ 204,131</u></u>		<u><u>\$ 140,592</u></u>

Source: Information was obtained by contacting the Taxing Jurisdiction and the St. Louis County Collector's office. The percentage applicable to the City is based on the jurisdiction's assessed value within the boundaries of the City.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

*(dollars in thousands)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$ 56,478	56,810	59,166	59,604	64,687	65,160	74,842	75,010	80,457	82,251
Total net debt applicable to limit	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 56,420</u>	<u>56,810</u>	<u>59,166</u>	<u>59,604</u>	<u>64,687</u>	<u>65,160</u>	<u>74,842</u>	<u>75,010</u>	<u>80,457</u>	<u>82,251</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	0.10 %	-	-	-	-	-	-	-	-	-

**Legal Debt Margin Calculation for Fiscal Year 2023**

Assessed value	\$ 822,510
Add back: Exempt real property	<u>-</u>
Total Assessed Value	<u>\$ 822,510</u>
Debt limit (10% of total assessed value)	<u>\$ 82,251</u>
Debt applicable to limit:	
General obligation bonds	\$ -
Less: Amount set aside for repayment of general obligation debt	-
Total Net Debt Applicable To Limit	<u>-</u>
Legal Debt Margin	<u>\$ -</u>

Note: Per Sections 95.111 and 95.120 of the Missouri Revised Statutes, the City's bonded indebtedness is limited to 10% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Years Ended June 30</b>	<b>Population</b>	<b>Personal Income</b>	<b>Personal</b>	<b>Median Age</b>	<b>Education Level Percent High School Graduate Age 25+</b>	<b>Education Level Percent Bachelor's Degree Or Higher Age 25+</b>	<b>Public School Enrollment</b>	<b>Unemployment Rate</b>
2014	\$ 35,371	\$ 1,223,624,374	\$ 34,594	37.4	91.0	49.3	3,160	6.2 %
2015	35,371	1,223,624,374	34,594	37.4	91.0	49.3	3,067	5.7
2016	35,371	1,223,624,374	34,594	37.4	91.0	49.3	4,943	5.2
2017	35,371	1,223,624,374	34,594	37.4	91.0	49.3	2,709	5.3
2018	35,371	1,223,624,374	34,594	37.4	91.0	49.3	2,647	3.6
2019	35,371	1,223,624,374	34,594	37.4	91.0	49.3	2,537	3.3
2020	35,371	1,223,624,374	34,594	37.4	91.0	49.3	2,815	4.6
2021	35,065	1,836,108,595	52,363	35.2	94.2	57.7	2,561	5.2
2022	34,629	2,060,598,645	59,505	38.7	95.0	61.2	2,500	4.2
2023	35,065	2,088,201,024	59,505	39.2	95.0	61.2	2,574	3.2

Sources:

U.S. Census Bureau, 2021  
City of University City School District  
Missouri Economic Research and Information Center (MERIC)

**CITY OF UNIVERSITY CITY, MISSOURI**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

**2023**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Type Of Business</b>	<b>Percentage Of Total City Employment</b>
Aging Well Healthcare LLC	400	1	Medical/Non-Medical Services	6.08 %
University City School District	302	2	School District	4.59
City of University City	291	3	Local Government	4.42
Wiese USA Inc	230	4	Industrial Truck Sales and Leasing	3.50
Gatesworth Community	170	5	Retirement/Independent Living/Nursing Community	2.58
Cintas	161	6	Uniform Supply	2.45
MPAL Real Estate	156	7	Retirement/Independent Living/Nursing Community	2.37
Winco Window Company LLC	150	8	Winco Window Company LLC	2.28
McKnight Place Extended Care	129	9	Residential Care/Assisted Living Facility	1.96
Private Home Care	100	10	Retirement/Independent Living/Nursing Community	1.52

**2014**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Type Of Business</b>	<b>Percentage Of Total City Employment</b>
City of University City	452	1	Local Government	5.01 %
University City School District	396	2	School District	4.39
Gatesworth Community	230	3	Retirement/Independent Living/Nursing Community	2.55
Cintas	125	4	Corporate Apparel	1.38
McKnight Place Extended Care	125	4	Retirement/Independent Living/Nursing Community	1.38
Winco Window Company LLC	120	5	Manufacturer - Windows	1.33
Wiese Planning & Engineering	120	5	Industrial Truck Sales & Leasing	1.33
Schnucks Supermarket	110	6	Supermarket/Grocer	1.22
McKnight Place Assisted Living	76	7	Retirement/Independent Living/Nursing Community	0.84
Blueberry Hill	75	8	Restaurant	0.83
U City Forest Manor LLC	70	9	Nursing Facility	0.78
Cicero's	65	10	Restaurant	0.72

Sources:

Results of survey conducted by University City staff, June 2014 and June 2023.

Total City Employment: 6,578; U.S. Bureau of the Census, 2012 Survey of Business Owners.

City of University City total represents full-time, part-time and seasonal staff employed at fiscal year-end.

**CITY OF UNIVERSITY CITY, MISSOURI**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTIONS/PROGRAMS**  
**LAST TEN FISCAL YEARS**

FUNCTIONS/PROGRAMS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
Legislative Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resources	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
General Administration	3.0	3.0	3.0	3.0	1.0	4.0	4.0	3.0	4.0	8.0
Information Technology	-	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.0	1.0
Municipal Court	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	10.0	9.0	9.0	9.0	6.0	7.0	8.0	8.0	8.0	9.0
Facilities Maintenance	7.0	8.0	8.0	8.0	8.0	9.0	8.0	6.0	6.0	7.0
Planning and Development	21.0	20.0	21.0	21.0	16.0	20.0	18.0	16.0	18.0	18.0
Public Safety:										
Police:										
Officers	80.0	79.0	79.0	79.0	69.0	78.0	79.0	79.0	79.0	66.0
Civilians	18.0	19.0	19.0	19.0	18.0	21.0	20.0	20.0	20.0	34.0
Fire:										
Firefighters and Officers	45.0	40.0	39.0	40.0	33.0	35.0	48.0	48.0	48.0	48.0
Civilians	1.0	-	-	-	-	-	-	-	-	-
Public Works:										
Engineering	8.0	8.0	8.0	8.0	7.0	8.0	7.0	7.0	6.0	5.0
Street Maintenance	-	12.0	12.0	12.0	10.0	12.0	12.0	9.0	9.0	8.0
Sanitation	11.0	13.0	14.0	13.0	12.0	14.0	14.0	14.0	14.0	14.0
Parks, Recreation and Forestry:										
Parks and Forestry Maintenance	30.0	18.0	18.0	18.0	16.0	18.0	17.0	16.0	16.0	13.0
Golf Course	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Golf Course Maintenance	1.0	1.0	2.0	1.0	2.0	2.0	2.0	3.0	3.0	4.0
Recreation	-	-	4.0	5.0	4.0	5.0	5.0	5.0	5.0	6.0
Community Center	1.0	1.0	-	-	-	-	-	-	-	-
Centennial Commons	4.0	4.0	-	-	-	-	-	-	-	-
Internal Service:										
Fleet Maintenance	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0
Total	252.0	248.0	249.0	249.0	215.0	247.0	257.0	248.0	249.0	253.0

Sources:  
City of University City Annual Budget Reports  
City of University City Department of Human Resources

**CITY OF UNIVERSITY CITY, MISSOURI**  
**OPERATING INDICATORS BY FUNCTIONS/PROGRAMS**  
**LAST TEN FISCAL YEARS**

FUNCTIONS/PROGRAMS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Finance:										
Business licenses issued	750	674	748	701	707	763	784	626	566	683
Planning and Development:										
Zoning applications processed	41	39	19	28	53	13	21	8	19	173
Construction permits issued	5,118	9,998	4,266	N/A	3,716	3,941	4,023	4,073	1,092	5,060
Occupancy permits issued	3,812	8,389	3,236	N/A	2,864	3,371	2,488	2,780	3,302	5,373
Property inspections (existing structures)	7,066	14,856	6,483	13,000	5,684	5,754	4,925	5,812	5,810	7,240
Construction inspections	10,498	24,756	9,000	9,000	8,943	10,197	10,116	8,933	9,885	17,210
Environmental inspections	2,658	538	4,524	N/A	4,917	4,671	5,239	3,302	4,203	6,130
Vacant buildings registered	1,747	118	189	150	55	54	63	53	57	92
Public Safety:										
Police:										
Arrest for violations other than traffic	2,840	2,322	2,123	1,806	1,749	1,028	1,833	2,338	1,329	1,034
Number of juveniles taken into custody	222	241	316	208	206	125	101	64	40	105
Traffic violations:										
Non-moving violations	12,099	9,759	9,364	8,058	8,487	11,350	10,944	7,328	N/A	7,332
Hazardous moving violations	1,781	2,119	2,420	3,919	2,220	3,680	2,066	5,730	5,641	3,379
Non-hazardous moving violations	1,013	1,044	1,210	838	2,336	2,973	2,911	2,504	3,657	6,800
Fire:										
Total fire calls	1,838	1,236	1,722	2,296	2,184	2,473	2,415	2,196	2,222	2,169
Total ambulance calls	3,691	2,510	-	-	-	-	3,991	4,084	4,301	4,341
Total fires	193	116	160	198	109	116	70	110	87	86
Highway and Streets:										
Sewer lateral repairs	162	235	201	265	241	252	191	184	167	120
Right-of-way permits	253	279	401	379	365	442	387	528	500	431
Sidewalk repaired (square feet) <sup>1</sup>	-	89	39,450	40,000	33,000	36,130	37,000	32,300	N/A	N/A
Asphalt base repairs (square yards) <sup>2</sup>	1,000	262	40,012	23,500	27,000	46,700	26,320	40,000	N/A	N/A
Street sweeping (miles)	550	798	3,357	4,500	4,500	4,850	4,850	4,850	4,850	4,500
Number of street lights maintained by city	621	655	510	750	750	750	750	750	750	750
Sanitation:										
Solid waste collected (tons)	12,698	14,138	13,596	13,458	11,697	11,038	11,317	12,290	12,600	15,300
Bulky items collected (tons)	352	520	525	485	592	N/A	163	1,467	N/A	2,681
Recyclables collected (tons)	2,668	2,456	2,854	2,987	3,010	2,905	2,750	2,164	2,700	2,837
Yard waste and leaves collected (tons)	7,612	7,651	9,597	N/A	N/A	N/A	215	3,730	5,000	4,200
Culture and Recreation:										
Municipal golf course (rounds played)	29,983	30,749	31,946	33,949	29,559	29,744	30,964	39,765	N/A	35,814
Municipal swimming pool attendance	31,080	27,179	28,246	28,817	27,533	41,405	27,603	19,552	25,908	9,986
Community center attendance	29,933	29,753	30,044	32,148	22,827	26,624	20,182	350	1,845	7,127
Recreation facility attendance	147,726	150,333	130,837	125,668	125,180	195,462	94,843	2,068	35,582	10,549

<sup>1</sup>Total sidewalk repairs performed by staff.

<sup>2</sup>Reported total asphalt base repairs performed by staff because sidewalk repairs are contracted out.

Sources:

City of University City Annual Administrative Reports and Budget Reports

City of University City Departments

N/A = Not Available

**CITY OF UNIVERSITY CITY, MISSOURI**  
**CAPITAL ASSET STATISTICS BY FUNCTIONS/PROGRAMS**  
**LAST TEN FISCAL YEARS**

FUNCTIONS/PROGRAMS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
City hall building	1	1	1	1	1	1	1	1	1	1
Municipal parking garage	1	1	1	1	1	1	1	1	1	1
Central garage building	1	1	1	1	1	1	1	1	1	1
Trinity building	1	1	1	1	1	1	1	1	1	1
Data network telephone system	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Motor vehicles	33	33	30	33	33	33	33	34	33	33
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Hydrants	714	714	714	714	714	714	714	714	714	714
Motor vehicles	11	9	11	11	11	11	11	11	11	11
Highways and Streets:										
Paved public streets (miles)	97.0	97	97	97	97	97	97	97	97	97
Streetlights (city-owned)	407	655	735	750	750	750	750	750	750	750
Traffic signals (city-owned)	8	8	8	8	8	8	8	8	8	8
Miles of sewer (MSD maintained)	173.0	173	173	172	172	172	172	170	170	170
Vehicles, trucks, and various equipment	46	46	49	49	49	52	51	51	51	51
Sanitation:										
Vehicles, trucks, and various equipment	28	29	30	30	30	30	28	28	28	28
Transfer station	1	1	1	1	1	1	1	1	1	1
Compactor	2	2	2	2	2	2	2	2	2	2
Culture and Recreation:										
Number of parks	18	18	18	19	19	19	21	21	21	21
Parks acreage	260	260	259.5	257.0	257	257	260	260	260	260
Tennis courts	17	17	17	17	17	17	17	17	17	17
Soccer fields	5	5	5	5	5	5	5	5	5	5
Football fields	2	2	2	2	2	2	2	2	2	2
Soccer/Football fields (combo)	1	1	1	1	1	1	1	1	1	1
Basketball courts (outdoor)	5	5	5	5	5	5	5	5	5	5
Ball diamonds	14	14	14	14	14	14	14	14	14	14
Ponds	2	2	2	2	2	2	3	3	3	3
Golf course (9-hole)	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Community center	1	1	1	1	1	1	1	1	1	1
Recreation facility	1	1	1	1	1	1	1	1	1	1
Vehicles, trucks, and various equipment	27	28	28	28	28	28	43	47	47	47
Sutter Meyer historical building	1	1	1	1	1	1	1	1	1	1

Sources:  
City of University City Annual Comprehensive Financial Reports  
City of University City Departments

**INTERNAL CONTROL AND  
COMPLIANCE SECTION**



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314.275.7277

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

Honorable Mayor and Members of the City Council  
City of University City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of University City, Missouri (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 24, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control that we consider to be a significant deficiency as described as follows:

**Criteria** -- The City presents its annual financial statements in accordance with GAAP for local governments as promulgated by the Governmental Accounting Standards Board.

**Condition** -- Significant adjusting journal entries were required to correct various amounts on the year-end financial statements of the City in accordance with accounting principles generally accepted in the United States of America (GAAP). This finding was repeated and is reported in Section IV - Summary Schedule of Prior Audit Finding as Finding 2022-01.

**Effect** -- Without the proposed audit adjustments, certain general ledger accounts would be incorrect and the financial statement amounts may not be reported correctly.

**Cause** -- The City did not adequately review the year-end financial records required for the GAAP basis of accounting. In addition, account reconciliations of significant financial statement amounts and supervisory review of those reconciliations did not detect errors described above.

**Recommendation** -- We recommend the City enhance its internal control procedures over financial reporting so that it is able to produce financial statements in accordance with GAAP without requiring significant audit adjustments. These internal control procedures should include reconciliation of significant financial statement amounts to subsidiary records and sufficient supervisory review of those reconciliations, prior to the audit, in order to determine proper adjustments to the City's financial statements.

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Sikich LLP*

St. Louis, Missouri  
April 24, 2024

**APPENDIX C**

**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF DOCUMENTS**

## **DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF DOCUMENTS**

### **Definitions of Words and Terms**

*In addition to the 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 Certificates executed and delivered pursuant to the Declaration of Trust.

**“Authorized Representative”** means the City Manager, the City Clerk or any other person designated to act on behalf of the City by the City Council pursuant to an ordinance or resolution filed with the Trustee.

**“Available Revenues”** means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

**“Basic Rent”** means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth in the Lease.

**“Basic Rent Payment Date”** means each April 1 and October 1 during the Lease Term, commencing on April 1, 2025\*.

**“Business Day”** means a day other than (a) a Saturday or Sunday, (b) a day on which banks located in any city in which the principal corporate trust office or designated corporate trust office of the Trustee or any paying agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

**“Certificates”** means the Series 2024 Certificates and any Additional Certificates delivered pursuant to the Declaration of Trust.

**“City”** means the City of University City, Missouri, a home-rule charter city duly created, organized and existing under and by virtue of the laws of the State of Missouri, and its successors.

**“Completion Certificate”** means the certificate of the City given in accordance with the Lease and the Declaration of Trust, evidencing substantial completion of the Project.

**“Completion Date”** means the date of completion of the acquisition, construction and installation of the Project as that date shall be certified as provided in the Lease.

**“Continuing Disclosure Undertaking”** means the Continuing Disclosure Undertaking dated as of June 1, 2024, executed by the City, as from time to time amended.

**“Contract”** means any one of the agreements between the City and various parties, if any, providing for the acquisition, construction and installation of various portions of the Project.

\* Preliminary; subject to change.

**“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 advertising and printing costs, costs of preparing and reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of other parties to the transaction (including fees of Special Tax Counsel and counsel to the Underwriter) and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

**“Declaration of Trust”** means the Declaration of Trust dated as of June 1, 2024, by the Trustee, as from time to time amended or supplemented in accordance with its terms.

**“Directive”** means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Registrar kept pursuant to the Declaration of Trust, or their lawful attorneys-in-fact, representing not less than a majority of the aggregate unpaid Principal Portion represented by the then-Outstanding Certificates.

**“Equipment”** means a portion of the Project consisting of certain personal property, as further described in the Lease.

**“Event of Default”** means (a) with respect to the Declaration of Trust, an Event of Default as described under the caption **“SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION OF TRUST – Events of Default,”** and (b) with respect to the Lease, an Event of Default as described under the caption **“SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Events of Default.”**

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

**“Event of Nonappropriation”** means a nonrenewal of the Lease by the City which will be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term.

**“Funds”** means, collectively, the Project Fund, the Lease Revenue Fund, the Rebate Fund and all accounts therein.

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

**“Interest Portion”** means the portion of each Basic Rent Payment that represents the payment of interest as set forth in the Lease.

**“Investment Securities”** means any securities or investments that are lawful for the investment of moneys held in the Funds under the laws of the State.

**“Lease”** means the Lease Purchase Agreement, dated as of June 1, 2024, between the Trustee, as lessor, and the City, as lessee, as amended and supplemented from time to time in accordance with its terms.

**“Lease Revenue Fund”** means the fund by that name established pursuant to the Declaration of Trust.

**“Lease Term”** means the Original Term and all Renewal Terms.

**“Net Proceeds”** means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys’ fees, incurred in the collection thereof.

**“Notice by Mail”** or **“Notice”** of any action or condition **“by Mail”** means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates, at the addresses shown on the registration books maintained by the Registrar pursuant to the Declaration of Trust.

**“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.

**“Original Term”** means the period from the delivery of the Lease until the end of the Fiscal Year then in effect.

**“Outstanding”** means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) 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 Declaration of Trust and (c) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

**“Owner”** of a Certificate means the owner of such Certificate as shown on the register kept by the Registrar pursuant to the Declaration of Trust.

**“Prepayment Date”** means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates.

**“Prepayment Price”** means, with respect to any Certificate (or portion thereof) to be prepaid, the amount specified in the Declaration of Trust.

**“Principal Portion”** means the principal portion of the Basic Rent Payments as set forth in the Lease.

**“Proceeds”** means the aggregate moneys initially paid to the Trustee for each series of Certificates.

**“Project”** means acquiring, constructing, reconstructing, remodeling, equipping, furnishing and otherwise improving the City’s Annex Building and Trinity Building, including acquiring, constructing and installing the Equipment.

**“Project Costs”** means all reasonable or necessary expenses related or incidental to the Project, including the expenses of studies, engineering services, legal and other special services and all other necessary and incidental expenses. Project Costs include Costs of Delivery.

**“Project Fund”** means the fund by that name established pursuant to the Declaration of Trust.

**“Purchase Price”** means the amount designated as such in the Lease that the City shall pay to the Trustee to purchase the Trustee’s interest in the Equipment.

**“Rebate Fund”** means the fund by that name established pursuant to the Declaration of Trust.

**“Record Date”** means the 15<sup>th</sup> day (whether or not a Business Day) of the calendar month preceding the month in which the applicable Basic Rent Payment Date occurs.

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

**“Renewal Term”** means each renewal term of the Lease, each having a duration of one year and a term coextensive with the then-current Fiscal Year, except that the last possible Renewal Term shall end on April 2, 2049\*.

**“Rent”** means, collectively, Basic Rent and Supplemental Rent.

**“Rent Payment”** means a payment of Rent.

**“Representation Letter”** means the Representation Letter from the City to the Securities Depository.

**“Securities Depository”** means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

**“Series 2024 Certificates”** means the \$25,505,000\* aggregate principal amount of Certificates of Participation (City of University City, Missouri, Lessee), Series 2024, executed and delivered pursuant to the Declaration of Trust.

**“Special Tax Counsel”** means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America.

**“State”** means the State of Missouri.

**“Supplemental Lease”** means any agreement supplemental or amendatory to the Lease entered into by the City and the Trustee pursuant to the Lease and the Declaration of Trust.

**“Supplemental Rent”** means all amounts due under the Lease other than Basic Rent.

**“Supplemental Rent Payment”** means a payment of Supplemental Rent.

**“Tax Compliance Agreement”** means the Tax Compliance Agreement dated as of June 1, 2024, between the City and the Trustee, as from time to time amended.

**“Trust Estate”** means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

**“Trustee”** means UMB Bank, N.A., St. Louis, Missouri, and its successor or successors and their respective assigns.

**“Underwriter”** means Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri, the original purchaser of the Series 2024 Certificates.

\* Preliminary; subject to change.

## SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION OF TRUST

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

### **Trust Estate**

In order to secure the payment of the principal of, premium, if any, and interest on the Certificates, and to secure the performance and observance of all covenants and conditions contained in the Certificates and the Declaration of Trust, and to declare the terms and conditions upon, and subject to which, the Certificates are intended to be sold, held, secured and enforced, and in consideration of the premises set forth in the Declaration of Trust and of the purchase and acceptance of the Certificates by the Owners thereof, the Trustee has executed and delivered the Declaration of Trust and has declared that it will hold all of the assets, property and interests received by it under the terms of the Declaration of Trust and the Lease and all agreements and instruments contemplated thereby (except the Rebate Fund and any compensation, indemnification or other amounts which may be due directly to the Trustee thereunder) (collectively, the “**Trust Estate**”), as trustee, upon the terms and trusts set forth in the Declaration of Trust for the equal and proportionate benefit, security and protection of all present and future Owners of the Certificates, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any of the other Certificates.

All moneys deposited with or paid to the Trustee for account of the Lease Revenue Fund or the Project Fund under the Declaration of Trust shall be held by the Trustee in trust and shall be applied only in accordance with the Declaration of Trust and the Lease and until used or applied as therein provided, shall constitute part of the Trust Estate and shall not be subject to any lien other than the lien of the Declaration of Trust.

### **Additional Certificates**

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Series 2024 Certificates and any other Additional Certificates, at any time and from time to time, and for any of the following purposes:

- (a) To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Project in the event of damage, destruction or condemnation thereto or thereof, but only to the extent that such costs exceed the Net Proceeds of the insurance or condemnation awards out of which such costs are to be paid pursuant to the Lease.
- (b) To provide funds to pay all or any part of the costs of acquiring, constructing and installing additions to the Project or other improvements that may be added to the Project, all as the City may deem necessary or desirable.
- (c) To provide funds for refunding all or any 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.
- (d) Any other purpose permitted by law as the City may deem necessary or desirable.

The principal amount of any Additional Certificates may include an amount sufficient to pay the costs and expenses of delivery, any required funding of a reserve fund and such capitalized amounts as are permitted by law.



## **Establishment of Funds**

The Declaration of Trust establishes the following Funds:

- (a) Project Fund.
- (b) Lease Revenue Fund.
- (c) Rebate Fund.

The Funds (except the Rebate Fund) established pursuant to the Declaration of Trust shall be held by the Trustee in trust and for the benefit of the Certificate Owners. The money in the Funds shall be applied as provided in the Declaration of Trust.

## **Disbursements from the Project Fund**

Moneys in the Project Fund shall be used to pay for Project Costs, including Costs of Delivery. Payment shall be made from moneys in the Project Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative, which requisition certificate shall contain the statements, representations and certifications set forth in the form attached to the Declaration of Trust and shall be otherwise substantially in such form.

In making disbursements for Project Costs, the Trustee shall be entitled to conclusively rely upon each written requisition certificate executed as described above without inquiry or investigation. It is understood that the Trustee shall *not* make any inspections of the Project, make any provision to obtain completion bonds, mechanics' or materialmen's lien releases or otherwise supervise any phase of the acquisition, construction or installation of the Project. The receipt by the Trustee of a requisition certificate executed as described above shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Project Fund have been completed. The Trustee shall make disbursements to pay Project Costs for which any such request is made within five Business Days of the receipt of a properly executed certificate.

## **Disposition upon Completion of the Project**

The Completion Date of the Project and the payment of all Project Costs (other than Project Costs for which sufficient amounts are retained in the Project Fund) shall be evidenced by the filing with the Trustee of the Completion Certificate. As soon as practicable thereafter any balance remaining in the Project Fund shall be transferred and deposited without further authorization as provided in the Lease.

## **Disposition upon Acceleration**

In the event of the acceleration of Certificates pursuant to the Declaration of Trust, any moneys then remaining in the Project Fund shall be transferred and deposited to the credit of the Lease Revenue Fund.

## **Application of Moneys in the Lease Revenue Fund**

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity pursuant to the Declaration of Trust).

## **Investment of Moneys in Funds**

Moneys held in the Funds shall, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the City, signed by an Authorized Representative, in Investment Securities that mature or are subject to redemption by the holder prior to the date such funds will be needed. In the absence of such instructions, the Trustee shall hold such moneys uninvested. The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments, provided that any such fees do not exceed the interest income on the investments.

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. Any such 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, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such Fund, and any loss resulting from such Investment Securities shall be charged to such Fund.

For purposes of determining the amount in any Fund, the value of any investments shall be computed at the market value thereof, exclusive of the accrued interest. The Lease Revenue Fund shall be valued on June 30 of each year, after any payments required to be made on such date have been made.

## **Events of Default**

The occurrence of any of the following events is defined as an “Event of Default” under the Declaration of Trust:

- (a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the Prepayment Date set therefor in accordance with the terms of the Declaration of Trust; or
- (c) Any Event of Lease Default.

## **Acceleration**

Upon the occurrence of an Event of Default, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent represented by the Certificates Outstanding to the end of the then-current Fiscal Year immediately due and payable.

## **Application of Moneys**

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Declaration of Trust shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including without limitation attorneys’ fees and expenses), be deposited into the Lease Revenue Fund and all moneys in the Lease Revenue Fund shall be applied as follows:

- (a) Unless the Principal Portions of Basic Rent 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 Portions of Basic Rent 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 Portions of Basic Rent represented by any Certificates that have become due and payable (other than Principal Portions of Basic Rent represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of the Declaration of Trust) in the order of such due dates, with interest from the respective dates upon which they became due and payable and, if the amount available shall not be sufficient to pay in full the Principal Portions of Basic Rent 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 except as to any difference in the respective rates of interest specified respecting the Certificates.

(b) If the Principal Portions of Basic Rent represented by all the Certificates have become due or have been declared due and payable, all such moneys shall be applied to the payment of the Principal Portions and the Interest Portions of the Basic Rent then due and unpaid upon the Certificates without preference or priority of principal over 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 except as to any difference in the respective rates of interest specified respecting the Certificates.

(c) If the Principal Portions of Basic Rent represented by all the Certificates have been declared due and payable and if such declaration shall thereafter be rescinded and annulled under the provisions of the Declaration of Trust then subject to the provisions of paragraph (b) of this section in the event that the Principal Portions of Basic Rent represented by all the Certificates shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this section.

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

Whenever the Principal Portion and the Interest Portion of all Certificates have been paid under the provisions of the Declaration of Trust and all fees, expenses and charges of the Trustee (including, without limitation, attorneys' fees and expenses) have been paid, any balance remaining in the Lease Revenue Fund shall be paid to the City.

### **Remedies Cumulative**

Upon the occurrence of an Event of Lease Default or Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage all or any portion of the Equipment and apply the net proceeds thereof in accordance with the Declaration of

Trust and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or now or hereafter existing at law or in equity or by statute.

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

No waiver of any default under the Declaration of Trust whether by the Trustee or by the Certificate Owners shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

### **Remedies Vested in Trustee**

All remedies and rights of action (including the right to file proof of claims) under the Declaration of Trust 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 and any such suit or proceedings instituted by the Trustee shall be brought in its name as the 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 proceedings in equity or at law for the enforcement of the Lease or the Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy under the Lease or the Declaration of Trust, unless (a) an Event of Default or an Event of Nonappropriation has occurred; (b) the Owners have given a Directive to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the powers granted in the Declaration of Trust or to institute such action, suit or proceedings in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee thereafter fails or refuses to exercise the powers granted in the Declaration of Trust or to institute such action, suit or proceedings in its, his, her or their name or names. Such notification, request and indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Declaration of Trust and to any action or cause of action for the enforcement of the Declaration of Trust or for the appointment of a receiver or for any other right or remedy under the Declaration of Trust. 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 Declaration of Trust by its, his, her or their action or to enforce any right or remedy under the Declaration of Trust except in the manner therein provided and all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of the Owners of all Certificates then-Outstanding. Nothing in the Declaration of Trust contained shall, however, affect or impair the right of any Certificate Owner to enforce the payment of the Principal Portion and the Interest Portion of the Basic Rent represented by any Certificate at and after the maturity or earlier prepayment thereof.

### **Waivers of Defaults**

The Trustee shall waive any Event of Default and its consequences and rescind any declaration of acceleration of principal 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 Portion of Basic Rent 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 (1) any Event of Default respecting the payment of the Principal Portion of Basic Rent represented by any Certificate at its maturity date, or (2) any Event of Default respecting the payment of the Interest Portion of Basic Rent represented by any Certificate, unless prior to such waiver or rescission, all arrears of principal and interest, as the case may be, and all fees, charges and expenses of the Trustee in connection with such default (including, without limitation, attorneys' fees and expenses) shall have been paid or provided for and, in case any such waiver or rescission or in case any proceedings taken by the Trustee on account of any such default have been discontinued or abandoned or determined adversely, then and in every such case the Trustee, the City and the Certificate Owners shall be restored to their former positions and rights under the Declaration of Trust, respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

### **Duties of Trustee**

The Trustee shall, prior to an Event of Default or Event of Nonappropriation, and after the curing of all Events of Default or Events of Nonappropriation that may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee will have no implied duties. The permissive right or power to take any action may not be construed as a duty to take action under any circumstances, and the Trustee will not be liable except in the event of its negligence or willful misconduct. The Trustee shall, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

### **Removal or Resignation of the Trustee; Appointment of a Successor Trustee**

The Trustee may be removed at any time by written direction of an Authorized Representative (provided that no Event of Default or Event of Nonappropriation has occurred and is continuing) or by a Directive or shall resign at any time the Trustee shall cease to be eligible in accordance with the Declaration of Trust, or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the property or affairs of the Trustee for the purpose of rehabilitation, conservation or liquidation, and thereupon a successor Trustee shall be appointed by written direction of an Authorized Representative (provided that no Event of Default or Event of Nonappropriation has occurred and is continuing) or by a Directive. Written notice of any removal or resignation shall be given to the City and the Owners.

The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee pursuant to the Declaration of Trust. Upon receiving such notice of resignation, a successor Trustee shall be appointed by written direction of an Authorized Representative (provided that no Event of Default or Event of Nonappropriation has occurred and is continuing) or by a Directive.

Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and has accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Certificate Owner (on behalf of himself and all other Certificate Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Declaration of Trust shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee held by it as security for the Certificates, including its interest in the Lease, with like effect as if originally named the Trustee in the Declaration of Trust and the duties and obligations of the predecessor Trustee under the Declaration of Trust

shall thereafter cease and terminate; but, nevertheless at the request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Declaration of Trust and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Declaration of Trust. Upon request of the successor Trustee, the City shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee, such successor Trustee shall cause Notice by Mail of such acceptance to be given to the Owners at the addresses listed on the registration books kept by the Registrar pursuant to the Declaration of Trust.

Any Trustee appointed under the provisions of the Declaration of Trust in succession to the Trustee shall be a state or national trust company, association or bank having the powers of a trust company and being duly authorized to execute trust powers, in good standing in the State, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision and examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this paragraph the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified above.

#### **Amendments to Declaration of Trust and Lease Not Requiring Consent of Owners**

The Declaration of Trust and the Lease and the rights and obligations of the City, of the Trustee and of the Owners of the Certificates may be modified or amended from time to time and at any time by an agreement that the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power reserved to or conferred upon the City; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Trustee or the security of the Owners of the Certificates;

(b) to add to the covenants and agreements of the City in the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the City; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the security of the Owners of the Certificates;

(c) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust or the Lease, or in regard to matters or questions arising under the Declaration of Trust or the Lease as the Trustee and the City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City or the Trustee and that shall not materially adversely affect the security of the Owners of the Certificates;

(d) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said

act or similar federal statute, and that shall not materially adversely affect the security of the Owners of the Certificates;

(e) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation;

(f) to provide for the execution and delivery of Additional Certificates; or

(g) to make any other change that, in the sole judgment of the Trustee, does not have a materially adverse effect on the security of the Certificate Owners.

### **Amendments to Declaration of Trust and Lease Requiring Consent of Owners**

The Declaration of Trust, the Lease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at any time by an amendment or supplement thereto that the parties thereto may enter into when the written consent of the Trustee and the City, if not a party thereto, and the Owners of a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then-Outstanding shall have been filed with the Trustee. No such modification or amendment shall (a) extend the stated maturity or mandatory Prepayment Date, if any, 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 Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto, or alter the optional Prepayment Date of any Certificate, without the consent of the Owner of each Certificate so affected, (b) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment, or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Project Fund or the Lease Revenue Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Project Fund and the Lease Revenue Fund, or (c) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then-Outstanding. Promptly after the execution by the Trustee of any amendment pursuant to this paragraph, the Trustee shall give Notice by Mail, setting forth in general terms the substance of such amendment to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to the Declaration of Trust. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

### **Discharge of Declaration of Trust**

When (a) the obligations of the City under the Lease have been satisfied in connection with the exercise by the City of its option to purchase the Equipment in accordance with the Lease by the irrevocable deposit in escrow of moneys or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both moneys and such Government Obligations, and (b) the City has delivered to the Trustee, (1) an Opinion of Counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and (2) if sufficiency of the deposited moneys and Government Obligations is dependent upon investment earnings, an accountant's certificate verifying the sufficiency of such moneys or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates and (c) the City has deposited sufficient moneys to pay the fees, charges and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as set forth in the Declaration of Trust; provided, however, that all provisions of the Declaration of Trust relating to the

compensation or indemnification of the Trustee shall survive the satisfaction and discharge of the Declaration of Trust.

After all amounts owing to the Certificate Owners have been paid under the Declaration of Trust and under the Lease and all fees, expenses and charges of the Trustee have been paid (including, without limitation, attorneys' fees and expenses), the Trustee shall turn over to the City any surplus in the Lease Revenue Fund and all balances remaining in any other Funds other than moneys and Government Obligations held for the payment of the Certificates at maturity or on prepayment, which moneys and Government Obligations shall continue to be held by the Trustee in trust for the benefit of the Certificate Owners and shall be applied by the Trustee to the payment, when due, of the Principal Portions and any premium and Interest Portions of Basic Rent represented by the Certificates.

## **SUMMARY OF CERTAIN PROVISIONS OF THE LEASE**

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

### **Lease of Equipment**

The Trustee conveys, demises, leases and lets to the City, and the City accepts, rents, leases and hires from the Trustee, the Equipment in accordance with the Lease for the Lease Term.

### **Lease Term**

The Original Term of the Lease shall terminate June 30, 2024. The Lease Term may be continued, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one year, provided that the final Renewal Term shall not extend beyond April 2, 2049\*. At the end of the Original Term and at the end of each Renewal Term, unless an Event of Nonappropriation has occurred or the City has exercised its option to purchase the Trustee's interest in the Equipment and for no other reason, the City shall be deemed to have exercised its option to continue the Lease for the next Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

### **Basic Rent**

The City shall promptly pay all Basic Rent, subject to the terms of the Lease, in lawful money of the United States of America on each Basic Rent Payment Date in such amounts as are described in the Lease. A portion of each Basic Rent Payment is paid as, and represents payment of, interest as set forth in the Lease (said interest to be attributable to the various principal components in accordance with the per annum rates set forth in the Lease).

To provide for the timely payment of Basic Rent, the City shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The City will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term, and such funds will not be expended for other purposes.

\* Preliminary; subject to change.



## **Supplemental Rent**

The City shall pay, subject to the terms of the Lease, as Supplemental Rent (a) all taxes and assessments, general and special, if any, which may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Equipment, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against personal property, and further including all charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Equipment; (b) all amounts advanced by the Trustee to maintain or repair the Equipment and all other payments of whatever nature which the City has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees and expenses to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease by the Trustee; (d) all fees, charges and expenses of the Trustee; and (e) any payments required to be made pursuant to the Tax Compliance Agreement. Amounts required to be paid under this paragraph shall be paid directly to the person or entity owed.

## **Nonappropriation**

The City is obligated only to pay periodic payments under the Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, the Lease shall be deemed terminated at the end of the then-current Original Term or Renewal Term. An Event of Nonappropriation shall be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then-current Original Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If the Lease is terminated subsequent to an Event of Nonappropriation, the City agrees peaceably to transfer and surrender possession of the Equipment to the Trustee.

## **Maintenance and Modification of Equipment**

The City will at its own expense (a) keep the Equipment in a safe condition, (b) with respect to the Equipment, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Equipment in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Equipment the maintenance, repair, replacement or renewal of which becomes uneconomical to the City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City shall not permit others to commit a nuisance in or about the Equipment or itself commit a nuisance in connection with its use of the Equipment. The City will pay all costs and expenses of operation of the Equipment.

The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Equipment that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Equipment. All additions, modifications or improvements made by the City shall (1) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (2) when commenced, be pursued to completion with due diligence and (3) when completed, be deemed a part of the Equipment.

During the Lease Term, the Equipment will be used by the City only for the purpose of performing essential governmental or proprietary functions of the City consistent with the permissible scope of the City's authority.

## **Insurance**

The City shall, during the Lease Term, cause the Equipment to be kept continuously insured against such risks customarily insured against for property such as the Equipment and shall pay (except as otherwise provided in the Lease), as the same becomes due, all premiums in respect thereof, such insurance to include the following policies of insurance:

- (a) To the extent insurable, insurance insuring the Equipment against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the greater of the Principal Portion of the Certificates then-Outstanding or the replacement value of the Equipment and issued by such insurance company or companies authorized to do business in the State as may be selected by the City. The policy or policies of such insurance shall name the City and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance shall be applied as provided in the Lease.
- (b) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the City and the Trustee are named as insureds, in an amount not less than the limits of liability set by Section 537.610 of the Revised Statutes of Missouri.
- (c) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State.
- (d) Performance and labor and material payment bonds with respect to the Contracts in the full amount of the Contracts from surety companies qualified to do business in the State.

Not less than 15 days prior to the expiration dates of the expiring policies, originals or copies of the policies required by this section or certificates evidencing such insurance will be delivered by the City to the Trustee showing continuation of the expiring policies. All policies of such insurance, and all renewals thereof, shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 30 days' written notice to the City and the Trustee.

Nothing in the Lease shall be construed as preventing the City from satisfying the insurance requirements therein set forth by using blanket policies of insurance or self-insurance provided each and all of the requirements and specifications of the Lease respecting insurance are complied with.

## **Damage, Destruction and Condemnation**

The City shall bear the risk of loss with respect to the Equipment during the Lease Term. If (a) the Equipment is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the City will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment, unless the City shall have exercised its option to purchase the Trustee's interest in the Equipment by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease.

If the City determines that the replacement, repair, restoration, modification or improvement of the Equipment is not economically feasible or in the best interest of the City, then, in lieu of making such replacement, repair, restoration, modification or improvement and if permitted by law, the City shall promptly purchase the Trustee's interest in the Equipment pursuant to the Lease by paying the Purchase Price and any Net

Proceeds shall be applied by the City to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the City.

If the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement referred to above and the City has not elected to purchase the Trustee's interest in the Equipment pursuant to the Lease, the City shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the City shall make any such payments, the City shall not be entitled to any reimbursement therefor from the Trustee nor shall the City be entitled to any diminution of Rent.

### **Eminent Domain**

Under State statutes, the City has the power to condemn property for its purposes, and the City acknowledges that condemnation of the Equipment would adversely affect the Trustee. The City has agreed to the terms of the acquisition of the Equipment, at the City's option, and to the use of the Equipment, all as set forth in the Lease. Any acquisition of the Trustee's interest in the Equipment or rights to its use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Rent Payments and the applicable Purchase Price. If the City allows the Lease to expire without exercising its option to purchase (whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the maximum Lease Term or failure to cure an Event of Default), that action shall constitute an irrevocable determination by the City that the Equipment is not required by it for any public purpose for the term of the Lease.

The City covenants and agrees, to the extent it may lawfully do so, that if for any reason it exercises the power of eminent domain with respect to the Equipment, the appraisement value of the Equipment shall not be less than the Rent Payments then due plus the then applicable Purchase Price.

If title to all or a portion of the Equipment is challenged or threatened by means of competent legal or equitable action, the City covenants that it shall cooperate with the Trustee and shall take all reasonable actions, including where appropriate the lawful exercise of the City's power of eminent domain, in order to quiet title to the Equipment in the City.

### **Option to Purchase the Equipment**

The City shall have the option to purchase the Trustee's interest in the Equipment, upon giving written notice to the Trustee at least 30 days before the date of purchase, at the following times and on the following terms:

(a) At any time on or after the date stated for optional prepayment in the Declaration of Trust, upon payment in full of the Rent Payments then due under the Lease plus a Purchase Price equal to the remaining Principal Portions of Basic Rent for the maximum Lease Term plus the Interest Portion of Basic Rent accrued to the purchase date;

(b) On any date upon deposit of funds or Government Obligations or both with the Trustee in accordance with the Declaration of Trust in the amount necessary to provide for the Basic Rent Payments until and on, and the Purchase Price calculated as described in (a) above on the Certificates to, any date occurring on or after the date stated for optional prepayment in the Declaration of Trust; or

(c) In the event of substantial damage to or destruction or condemnation (other than condemnation by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Equipment, or if as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Lease or the Declaration of Trust becomes unenforceable, on the date the City specifies as the purchase date in the City's notice to

the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due under the Lease plus a Purchase Price equal to the remaining Principal Portions of Basic Rent for the maximum Lease Term plus the Interest Portion of Basic Rent accrued to the purchase date.

Unless the maturity date of any Certificates Outstanding shall have been extended pursuant to the Declaration of Trust, then upon payment in full of all Rent Payments through April 1, 2049\*, the City shall be deemed to have purchased the Equipment pursuant to the Lease.

### **Determination of Fair Rent and Purchase Price**

The City agrees and determines that the Rent under the Lease during the Original Term and any Renewal Term represents the fair value of the use of the Equipment and that the Purchase Price required to exercise the City's option to purchase the Trustee's interest in the Equipment pursuant to the Lease represents, as of the end of the Original Term or any Renewal Term, the fair Purchase Price of the Equipment. The City determines that the Rent does not exceed a reasonable amount so as to place the City under an economic practical compulsion to renew the Lease or to exercise its option to purchase the Equipment under the Lease. In making such determination, the City has given consideration to the costs of the Equipment, the uses and purposes for which the Equipment will be employed by the City, the benefit to the City by reason of the acquisition and installation of the Equipment and the use of the Equipment pursuant to the terms and provisions of the Lease and the City's option to purchase the Equipment. The City determines and declares that the acquisition and installation of the Equipment and the leasing of the Equipment pursuant to the Lease will result in Equipment of comparable quality and meeting the same requirements and standards as would be necessary if the acquisition and installation of the Equipment were performed by the City other than pursuant to the Lease. The City determines and declares that the maximum Lease Term does not exceed the useful life of the Equipment.

### **Events of Default**

Any of the following shall constitute an "Event of Default" under the Lease (referred to herein as an Event of Lease Default):

- (a) Failure by the City to make any deposits required by the Lease to pay Basic Rent in the Lease Revenue Fund at the time specified therein;
- (b) Failure by the City to make any Supplemental Rent Payment when due and the continuance of such failure for 10 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;
- (c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected;
- (d) Any statement, representation or warranty made by the City in or pursuant to the Lease or the execution, delivery or performance of it shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

\* Preliminary; subject to change.

(e) Any provision of the Lease shall at any time for any reason cease to be valid and binding on the City, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the City or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The City becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to or acquiesces in the appointment of a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed for the City or a substantial part of its property; and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the City and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

If the City fails to comply with the Continuing Disclosure Undertaking, such failure shall not be an Event of Default under the Lease.

### **Remedies on Default**

Whenever any Event of Default exists, the Trustee shall have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the City, the Trustee may declare all Rent payable by the City under the Lease to the end of the then-current Original Term or Renewal Term to be due;

(b) With or without terminating the Lease, the Trustee may take possession of the Equipment (in which event the City shall take all actions necessary to authorize, execute and deliver to the Trustee all documents necessary to vest in the Trustee all of the City's interest in the Equipment) and sell the Equipment or lease the Equipment or, for the account of the City, sublease the Equipment continuing to hold the City liable for the difference between (1) the Rent payable by the City under the Lease for the then-current Original Term or Renewal Term, as the case may be, and (2) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession of, removing, storing, reconditioning, and selling or leasing or subleasing the Equipment and all brokerage, auctioneers' and attorneys' fees);

(c) The Trustee may terminate any rights the City may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Equipment and under the Lease.

No remedy in the Lease conferred upon or reserved to the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease and now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in the Lease it shall not be necessary to give any notice, other than such notice as may be required in the Lease.

\* \* \*

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

## CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of June 1, 2024 (this “**Continuing Disclosure Undertaking**”), is executed and delivered by the **CITY OF UNIVERSITY CITY, MISSOURI** (the “**City**”).

### RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the City in connection with the execution and delivery of \$25,505,000\* aggregate principal amount of Certificates of Participation (City of University City, Missouri, Lessee), Series 2024 (the “**Certificates**”), pursuant to a Declaration of Trust dated as of June 1, 2024 (the “**Declaration of Trust**”) made by UMB Bank, N.A., as trustee (the “**Trustee**”), which Certificates evidence proportionate interests of the owners thereof in basic rent payments to be made by the City pursuant to a Lease Purchase Agreement dated as of June 1, 2024 (the “**Lease**”), between the City and the Trustee.

2. The City is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Certificates and to assist the Participating Underwriter in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “**Rule**”). The City is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

The City covenants and agrees as follows:

**Section 1. Definitions.** In addition to the definitions set forth in the Declaration of Trust and the Lease, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the City pursuant to, and as described in, **Section 2**.

“**Beneficial Owner**” means any registered owner of any Certificates and any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Trustee or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**Dissemination Agent**” means any entity designated in writing by the City to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the City a written acceptance of such designation.

\* Preliminary; subject to change.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

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

“**Fiscal Year**” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“**Material Events**” means any of the events listed in **Section 3**.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Participating Underwriter**” means any of the original underwriter(s) of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

## **Section 2. Provision of Annual Reports.**

- (a) The City shall, not later than **210** days after the end of the City’s Fiscal Year, commencing with the year ending June 30, 2024, file with the MSRB, through EMMA, the following financial information and operating data (the “**Annual Report**”):
  - (1) The audited financial statements of the City for the prior Fiscal Year prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements contained in the final Official Statement relating to the Certificates, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
  - (2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the City.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an “**obligated person**” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided



in this Section; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

- (b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

**Section 3. Reporting of Material Events.** No later than **10** Business Days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Certificates ("**Material Events**"):

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
- (g) modifications to rights of security holders, if material;
- (h) security calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the securities, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (m) the consummation of a merger, consolidation or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (o) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the Material Events identified above, the term "security" or "securities" means a Certificate or the Certificates, respectively, and "obligated person" means the City.

If the City has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the City shall send a notice to the MSRB of the failure of the City to file on a timely basis the Annual Report, which notice shall be given by the City in accordance with this **Section 3**.

**Section 4. Termination of Reporting Obligations.** The City's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If the City's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such entity shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Certificates, the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

**Section 5. Dissemination Agent.** The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as Dissemination Agent hereunder at any time upon **30** days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the City pursuant to this Continuing Disclosure Undertaking.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Undertaking, the City may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Special Tax Counsel or other counsel experienced in federal securities law matters provides the City with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the City shall describe such amendment or waiver in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (a) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7. Additional Information.** Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Undertaking, the City shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 8. Default.** If the City fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific

performance by court order, to cause the City to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Declaration of Trust, the Lease or the Certificates, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the City to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

**Section 9. Beneficiaries.** This Continuing Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriter, and the Beneficial Owners from time to time of the Certificates and shall create no rights in any other person or entity.

**Section 10. Severability.** If any provision in this Continuing Disclosure Undertaking, the Declaration of Trust, the Lease or the Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 11. Electronic Transaction.** The arrangement described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12. Governing Law.** This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, the City has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

**CITY OF UNIVERSITY CITY, MISSOURI**

By: \_\_\_\_\_  
Gregory Rose, City Manager

## EXHIBIT A

### FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The financial information and operating data contained in the tables under the following described sections in *Appendix A* to the final Official Statement (but only to the extent not otherwise provided under Section 2(a)(1) of the Continuing Disclosure Undertaking):

1. **“DEBT STRUCTURE OF THE CITY – General Obligation Indebtedness of the City”** (while no table exists, information should be provided on any general obligation bonds outstanding, including a description of the issue, the outstanding principal amount, the source of payment and the annual debt service requirements thereof).
2. **“DEBT STRUCTURE OF THE CITY – Lease Obligations of the City – *Certificates of Participation.*”**
3. **“FINANCIAL INFORMATION CONCERNING THE CITY – Sources of Revenue.”**
4. **“FINANCIAL INFORMATION CONCERNING THE CITY – Retail Sales and Use Taxes.”**
5. **“FINANCIAL INFORMATION CONCERNING THE CITY – Summary of Revenues and Expenditures.”**
6. **“FINANCIAL INFORMATION CONCERNING THE CITY – Property Valuations – *Historical Assessed Valuation.*”**
7. **“FINANCIAL INFORMATION CONCERNING THE CITY – Tax Rates.”**
8. **“FINANCIAL INFORMATION CONCERNING THE CITY – Tax Collection Record.”**
9. **“FINANCIAL INFORMATION CONCERNING THE CITY – Major Property Taxpayers.”**



**EXHIBIT D**  
**CONTINUING DISCLOSURE UNDERTAKING**

[On file with the City Clerk]

## CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of June 1, 2024 (this “**Continuing Disclosure Undertaking**”), is executed and delivered by the **CITY OF UNIVERSITY CITY, MISSOURI** (the “**City**”).

### RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the City in connection with the execution and delivery of \$[\*Principal Amount\*] aggregate principal amount of Certificates of Participation (City of University City, Missouri, Lessee), Series 2024 (the “**Certificates**”), pursuant to a Declaration of Trust dated as of June 1, 2024 (the “**Declaration of Trust**”) made by UMB Bank, N.A., as trustee (the “**Trustee**”), which Certificates evidence proportionate interests of the owners thereof in basic rent payments to be made by the City pursuant to a Lease Purchase Agreement dated as of June 1, 2024 (the “**Lease**”), between the City and the Trustee.

2. The City is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Certificates and to assist the Participating Underwriter in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “**Rule**”). The City is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

The City covenants and agrees as follows:

**Section 1. Definitions.** In addition to the definitions set forth in the Declaration of Trust and the Lease, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the City pursuant to, and as described in, **Section 2**.

“**Beneficial Owner**” means any registered owner of any Certificates and any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Trustee or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**Dissemination Agent**” means any entity designated in writing by the City to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the City a written acceptance of such designation.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).



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

**“Fiscal Year”** means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

**“Material Events”** means any of the events listed in **Section 3**.

**“MSRB”** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

**“Participating Underwriter”** means any of the original underwriter(s) of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

## **Section 2. Provision of Annual Reports.**

- (a) The City shall, not later than **210** days after the end of the City’s Fiscal Year, commencing with the year ending June 30, 2024, file with the MSRB, through EMMA, the following financial information and operating data (the **“Annual Report”**):
- (1) The audited financial statements of the City for the prior Fiscal Year prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements contained in the final Official Statement relating to the Certificates, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
  - (2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the City.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an **“obligated person”** (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in this Section; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s Fiscal

Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

- (b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

**Section 3. Reporting of Material Events.** No later than **10** Business Days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Certificates (“**Material Events**”):

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
- (g) modifications to rights of security holders, if material;
- (h) security calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the securities, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (m) the consummation of a merger, consolidation or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (o) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the Material Events identified above, the term “security” or “securities” means a Certificate or the Certificates, respectively, and “obligated person” means the City.

If the City has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the City shall send a notice to the MSRB of the failure of the City to file on a timely basis the Annual Report, which notice shall be given by the City in accordance with this **Section 3**.

**Section 4. Termination of Reporting Obligations.** The City’s obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If the City’s obligations under this Continuing Disclosure Undertaking are

assumed in full by some other entity, such entity shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Certificates, the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

**Section 5. Dissemination Agent.** The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as Dissemination Agent hereunder at any time upon **30** days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the City pursuant to this Continuing Disclosure Undertaking.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Undertaking, the City may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Special Tax Counsel or other counsel experienced in federal securities law matters provides the City with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the City shall describe such amendment or waiver in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (a) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7. Additional Information.** Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Undertaking, the City shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 8. Default.** If the City fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Declaration of Trust, the Lease or the Certificates, and the sole remedy under this

Continuing Disclosure Undertaking in the event of any failure of the City to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

**Section 9. Beneficiaries.** This Continuing Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriter, and the Beneficial Owners from time to time of the Certificates and shall create no rights in any other person or entity.

**Section 10. Severability.** If any provision in this Continuing Disclosure Undertaking, the Declaration of Trust, the Lease or the Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 11. Electronic Transaction.** The arrangement described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12. Governing Law.** This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, the City has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

**CITY OF UNIVERSITY CITY, MISSOURI**

By: \_\_\_\_\_  
Gregory Rose, City Manager

## EXHIBIT A

### FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The financial information and operating data contained in the tables under the following described sections in *Appendix A* to the final Official Statement (but only to the extent not otherwise provided under Section 2(a)(1) of the Continuing Disclosure Undertaking):

1. **“DEBT STRUCTURE OF THE CITY – General Obligation Indebtedness of the City”** (while no table exists, information should be provided on any general obligation bonds outstanding, including a description of the issue, the outstanding principal amount, the source of payment and the annual debt service requirements thereof).
2. **“DEBT STRUCTURE OF THE CITY – Lease Obligations of the City – *Certificates of Participation.*”**
3. **“FINANCIAL INFORMATION CONCERNING THE CITY – Sources of Revenue.”**
4. **“FINANCIAL INFORMATION CONCERNING THE CITY – Retail Sales and Use Taxes.”**
5. **“FINANCIAL INFORMATION CONCERNING THE CITY – Summary of Revenues and Expenditures.”**
6. **“FINANCIAL INFORMATION CONCERNING THE CITY – Property Valuations – *Historical Assessed Valuation.*”**
7. **“FINANCIAL INFORMATION CONCERNING THE CITY – Tax Rates.”**
8. **“FINANCIAL INFORMATION CONCERNING THE CITY – Tax Collection Record.”**
9. **“FINANCIAL INFORMATION CONCERNING THE CITY – Major Property Taxpayers.”**

**EXHIBIT E**  
**TAX COMPLIANCE AGREEMENT**

[On file with the City Clerk]

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**TAX COMPLIANCE AGREEMENT**

**Dated as of June 1, 2024**

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**Between the  
CITY OF UNIVERSITY CITY, MISSOURI**

**and**

**UMB BANK, N.A.,  
as Trustee**

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**[\$\*Principal Amount\*]  
CERTIFICATES OF PARTICIPATION  
(CITY OF UNIVERSITY CITY, MISSOURI, LESSEE)  
SERIES 2024**

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**TAX COMPLIANCE AGREEMENT**

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**Exhibit E** – Sample Annual Compliance Checklist

**Exhibit F** – Sample Final Written Allocation

**Exhibit G** – Tax-Exempt Financing Compliance Policy and Procedure

\* \* \*

## TAX COMPLIANCE AGREEMENT

**THIS TAX COMPLIANCE AGREEMENT** (this “Tax Agreement”), entered into as of June 1, 2024, between the **CITY OF UNIVERSITY CITY, MISSOURI**, a home-rule charter city and political subdivision organized and existing under the laws of the State of Missouri (the “City”), and **UMB BANK, N.A.**, a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”);

### RECITALS

1. This Tax Agreement is being executed and delivered in connection with the execution and delivery of \$[\*Principal Amount\*] principal amount of Certificates of Participation (City of University City, Missouri, Lessee), Series 2024 (the “Certificates”), evidencing a proportionate interest of the owners thereof in rental payments (the “Basic Rent Payments”) to be made by the City pursuant to an annually-renewable Lease Purchase Agreement dated as of June 1, 2024 (the “Lease”), which Certificates are delivered under a Declaration of Trust dated as of June 1, 2024 (the “Declaration”) by the Trustee, for the purposes described in this Tax Agreement, the Declaration and the Lease.

2. The Internal Revenue Code of 1986, as amended (the “Code”), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the “Regulations”), impose certain limitations on the uses and investment of the Certificate proceeds and of certain other money relating to the Certificates and set forth the conditions under which the interest portion (the “Interest Portion”) of the Basic Rent Payments will be excluded from gross income for federal income tax purposes.

3. The City and the Trustee are entering into this Tax Agreement to set forth certain facts, covenants, representations, and expectations relating to the use of Certificate proceeds and the property financed or refinanced with those proceeds and the investment of the Certificate proceeds and of certain other related money, in order to establish and maintain the exclusion of the Interest Portion of the Basic Rent Payments from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate and yield reduction amounts provisions of Code § 148(f).

4. The City adopted a Tax-Exempt Financing Compliance Policy and Procedure on February 27, 2012, as it may from time to time be amended (the “Tax Compliance Procedure”), a copy of which is attached as **Exhibit G**, for the purpose of setting out general procedures for the City to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

5. This Tax Agreement is entered into as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Certificates.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the City and the Trustee represent, covenant and agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.1. Definitions of Words and Terms.** Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Declaration and the Lease, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. In addition, the following words and terms used in this Tax Agreement have the following meanings:

**“Adjusted Gross Proceeds”** means the Gross Proceeds of the Certificates reduced by amounts (a) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (b) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (c) representing grant repayments or sale or Investment proceeds of any purpose Investment.

**“Annual Compliance Checklist”** means a checklist for the Certificates to measure compliance with the requirements of this Tax Agreement and the Tax Compliance Procedure after the Issue Date, as further described in **Section 4.2** and substantially in the form attached as **Exhibit E**.

**“Available Construction Proceeds”** means the sale proceeds of the Certificates, increased by (a) Investment earnings on the sale proceeds, (b) earnings on amounts in a reasonably required reserve or replacement fund allocable to the Certificates but not funded from the Certificates, and (c) earnings on such earnings, reduced by sale proceeds (1) in any reasonably required reserve fund or (2) used to pay delivery costs of the Certificates. Available Construction Proceeds do not include Investment earnings on amounts in a reasonably required reserve or replacement fund after the earlier of (A) the second anniversary of the Issue Date or (B) the date the Financed Facility is substantially completed.

**“Basic Rent”** or **“Basic Rent Payments”** means the payment of Basic Rent required by the Lease, each payment of which is comprised of a Principal Portion and an Interest Portion.

**“Bona Fide Debt Service Fund”** means a fund, which may include Certificate proceeds, that (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Certificate Year; and (b) is depleted at least once each Certificate Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Certificate Year, or (2) one-twelfth of the principal and interest payments on the Certificates for the immediately preceding Certificate Year.

**“Bond Compliance Officer”** means the City’s Finance Director or other person named in the Tax Compliance Procedure.

**“Certificate”** or **“Certificates”** means any Certificate or Certificates described in the recitals, authenticated and delivered under the Declaration.

**“Certificate Year”** means each one-year period (or shorter period for the first Certificate Year) ending April 1, or another one-year period selected by the City.

“**City**” means the City of University City, Missouri, and its successors and assigns, or any body, agency or instrumentality of the State of Missouri succeeding to or charged with the powers, duties and functions of the City.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Computation Date**” means each date on which arbitrage rebate and Yield reduction amounts for the Certificates are computed. The City may treat any date as a Computation Date, subject to the following limits:

- (a) the first rebate installment payment must be made for a Computation Date not later than five years after the Issue Date;
- (b) each subsequent rebate installment payment must be made for a Computation Date not later than five years after the previous Computation Date for which an installment payment was made; and
- (c) the date the last Certificate is discharged is the final Computation Date.

The City selects April 1, 2029 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“**Declaration**” means the Declaration of Trust dated as of June 1, 2024, by the Trustee, as amended and supplemented in accordance with the provisions thereof.

“**Final Written Allocation**” means the Final Written Allocation of expenditures prepared by the Bond Compliance Officer in accordance with the Tax Compliance Procedure and **Section 4.2(b)**.

“**Financed Facility**” means the portion of the Project being financed or refinanced with the proceeds of the Certificates as described on **Exhibit D**.

“**Gross Proceeds**” means (a) sale proceeds (any amounts actually or constructively received by the City from the sale of the Certificates, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds), (c) any amounts held in a sinking fund for the Certificates, (d) any amounts held in a pledged fund or reserve fund for the Certificates, and (e) any other replacement proceeds. Specifically, Gross Proceeds includes (but is not limited to) amounts held in the following funds:

- (1) Project Fund.
- (2) Lease Revenue Fund.
- (3) Rebate Fund (to the extent funded with sale proceeds or Investment proceeds of the Certificates).

“**Guaranteed Investment Contract**” means any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

**“Interest Portion”** means the portion of each Basic Rent Payment that represents the payment of interest as set forth in the Lease.

**“Investment”** means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-exempt bond, except for “specified private activity bonds” as defined in Code § 57(a)(5)(C), but it does include the investment element of most interest rate caps.

**“IRS”** means the United States Internal Revenue Service.

**“Issue Date”** means June 25, 2024.

**“Lease”** means the Lease Purchase Agreement dated as of June 1, 2024, between the Trustee, as lessor, and the City, as lessee, as amended and supplemented in accordance with the provisions thereof.

**“Management or Service Agreement”** means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing, or similar services), however, are not treated as Management or Service Agreements.

**“Measurement Period”** means, with respect to each item of property financed as part of the Financed Facility, the period beginning on the later of (a) the Issue Date or (b) the date the property is placed in service and ending on the earlier of (1) the final maturity date of the Certificates or (2) the end of the expected economic useful life of the property.

**“Minor Portion”** means the lesser of \$100,000 or 5% of the sale proceeds of the Certificates.

**“Net Proceeds”** means the sale proceeds of the Certificates (excluding pre-issuance accrued interest), less an allocable share of any proceeds deposited in a reasonably required reserve or replacement fund, plus an allocable share of all Investment earnings on such sale proceeds.

**“Non-Qualified Use”** means use of Certificate proceeds or the Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Certificate proceeds or the Financed Facility are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility will constitute use under Regulations § 1.141-3.

**“Non-Qualified User”** means any person or entity other than a Qualified User.

**“Official Intent Date”** means February 12, 2024, as described in **Section 2.1(i)**.

**“Opinion of Special Tax Counsel”** means the written opinion of Special Tax Counsel to the effect that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for federal income tax purposes.

**“Post-Issuance Tax Requirements”** means those requirements related to the use of proceeds of the Certificates, the use of the Financed Facility and the investment of Gross Proceeds after the Issue Date of the Certificates.

**“Principal Portion”** means the portion of each Basic Rent Payment that represents the payment of principal as set forth in the Lease.

**“Project”** means all of the property being acquired, developed, constructed, renovated, and equipped by the City using Certificate proceeds and Qualified Equity, all as described on **Exhibit D**.

**“Qualified Equity”** means funds (but excluding an existing equity ownership interest in real property or tangible personal property) that are not derived from proceeds of a tax-exempt financing that are spent on the Project on a date that is no earlier than a date on which such expenditures would be eligible for reimbursement by proceeds of the Certificates under Regulations § 1.150-2(d)(2) and ending not later than the date the Project is capable of and actually used at substantially its designed level.

**“Qualified Use Agreement”** means any of the following:

(a) A lease or other short-term use by members of the general public who occupy the Financed Facility on a short-term basis in the ordinary course of the City’s governmental purposes.

(b) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to arrangements whereby (1) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (2) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(c) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 100 days in length pursuant to arrangements whereby (1) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (2) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (3) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(d) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 50 days in length pursuant to a negotiated arm’s-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person.

**“Qualified User”** means a state, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

**“Reasonable Retainage”** means Gross Proceeds retained by the City for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of the net sale proceeds of the Certificates on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

**“Rebate Analyst”** means Gilmore & Bell, P.C. or any successor Rebate Analyst selected pursuant to this Tax Agreement.

**“Regulations”** means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Certificates.

**“Special Tax Counsel”** means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the City.

**“Tax Agreement”** means this Tax Compliance Agreement, as amended, and supplemented in accordance with the provisions hereof.

**“Tax Compliance Procedure”** means the City’s Tax-Exempt Financing Compliance Policy and Procedure, dated February 27, 2012, a copy of which is attached as **Exhibit G**, as it may from time to time be amended.

**“Tax-Exempt Bond File”** means documents and records for the Certificates maintained by the Bond Compliance Officer pursuant to the Tax Compliance Procedure.

**“Transcript”** means the Transcript of Proceedings relating to the authorization and delivery of the Certificates.

**“Trustee”** means UMB Bank, N.A., and its successor or successors and any other corporation or association which at any time may be substituted in its place at the time serving as Trustee under the Declaration.

**“Underwriter”** means Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri, the underwriter of the Certificates.

**“Yield”** means yield on the Lease, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

## ARTICLE II

### GENERAL REPRESENTATIONS AND COVENANTS

**Section 2.1. Representations and Covenants of the City.** The City represents and covenants as follows:

(a) *Organization and Authority.* The City (1) is a political subdivision organized and existing under the laws of the State of Missouri, (2) has lawful power and authority to enter into, execute and deliver the Lease and this Tax Agreement and to carry out its obligations under the Lease and this Tax Agreement,



and (3) by all necessary action has been duly authorized to execute and deliver the Lease and this Tax Agreement, acting by and through its duly authorized officials.

(b) *Tax-Exempt Status of Certificates–General Covenant and Allocation of Proceeds to Project.*

(1) The City (to the extent within its power or direction) will not use any money on deposit in any fund or account maintained in connection with the Certificates, whether or not such money was derived from the proceeds of the sale of the Certificates or from any other source, in a manner that would cause the Lease or any Certificate to be an “arbitrage bond” within the meaning of Code § 148, and will not (to the extent within its power or direction) otherwise use or permit the use of any Certificate proceeds or any other funds of the City, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause the Interest Portion of the Basic Rent Payments to be included in gross income for federal income tax purposes.

(2) The City will finance the Project with Certificate proceeds and Qualified Equity. For purposes of the covenants in this **Section 2.1** relating to Non-Qualified Use of the Project, any Non-Qualified Use shall be treated as first allocated entirely to the portion of the Project financed with Qualified Equity, and then, but only to the extent of any excess Non-Qualified Use, to the portion of the Project financed by Certificate proceeds (that is, the Financed Facility).

(c) *Governmental Obligations–Use of Proceeds.* Throughout the Measurement Period, (1) all of the Financed Facility is expected to be owned by the City or another Qualified User, (2) no portion of the Financed Facility is expected to be used in a Non-Qualified Use, and (3) the City will not permit any Non-Qualified Use of the Financed Facility without first obtaining favorable advice of Special Tax Counsel.

(d) *Governmental Obligations–Private Security or Payment.* As of the Issue Date, the City expects that none of the Basic Rent Payments will be (under the terms of the Lease, the Certificates or any underlying arrangement) directly or indirectly:

(1) secured by (A) any interest in property used or to be used for a Non-Qualified Use, or (B) any interest in payments in respect of such property; or

(2) derived from payments (whether or not such payments are made to the City) in respect of property, or borrowed money, used or to be used for a Non-Qualified Use.

For purposes of the foregoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The City will not permit any private security or payment with respect to the Certificates without first obtaining favorable advice of Special Tax Counsel.

(e) *No Private Loan.* Not more than 5% of the Net Proceeds of the Certificates will be loaned directly or indirectly to any Non-Qualified User.

(f) *Management or Service Agreements.* As of the Issue Date, the City has no Management or Service Agreements with Non-Qualified Users. During the Measurement Period, the City will not enter into any Management or Service Agreement with any Non-Qualified User without first obtaining favorable advice of Special Tax Counsel.

(g) *Leases and Other Use Agreements.* Except for the Lease, which does not give rise to Non-Qualified Use, as of the Issue Date, the City has not entered into any leases or similar use agreements or

arrangements with respect to any portion of the Financed Facility other than Qualified Use Agreements. During the Measurement Period, the City will not enter into any lease or similar use agreement or arrangement with respect to any portion of the Financed Facility other than a Qualified Use Agreement without first obtaining favorable advice of Special Tax Counsel.

(h) *Limit on Maturity of Certificates.* A list of the assets included in the Project and a computation of the “average reasonably expected economic life” is attached to this Tax Agreement as **Exhibit D**. Based on this computation, the “average maturity” of the Certificates, as computed by Special Tax Counsel, does not exceed the average reasonably expected economic life of the Financed Facility.

(i) *Expenditure of Certificate Proceeds.*

(1) The City will evidence each allocation of the proceeds of the Certificates and Qualified Equity for the Project to an expenditure in writing. No allocation will be made more than 18 months following the later of (A) the date of the expenditure or (B) the date the Financed Facility was placed in service.

(2) On the Official Intent Date, the governing body of the City adopted a resolution declaring the intent of the City to finance the Financed Facility with tax-exempt obligations and to reimburse the City for expenditures made for the Financed Facility prior to the issuance of those obligations. A copy of the resolution is attached as **Exhibit C**. The City does not expect to allocate any proceeds of the Certificates to reimburse an expenditure paid prior to the Issue Date but reserves the ability to make such a reimbursement allocation in the future in accordance with advice of Special Tax Counsel. No reimbursement allocation will be made for an expenditure made more than three years before the date of the reimbursement allocation.

(j) *Registration Requirement.* The Declaration requires that all of the Certificates be delivered and held in registered form within the meaning of Code § 149(a).

(k) *Certificates Not Federally Guaranteed.* The City will not take any action or permit any action to be taken which would cause any Certificate to be “federally guaranteed” within the meaning of Code § 149(b).

(l) *IRS Form 8038-G.* Special Tax Counsel will prepare Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the City contained in this Tax Agreement or otherwise provided by the City. Special Tax Counsel will sign the return as a paid preparer following completion and will then deliver copies to the City for execution and for the City’s records. The City agrees to timely execute and return to Special Tax Counsel the execution copy of Form 8038-G for filing with the IRS. A copy of the “as-filed” Form 8038-G, along with proof of filing, is attached as **Exhibit B**.

(m) *Hedge Bonds.* At least 85% of the net sale proceeds (the sale proceeds of the Certificates less any sale proceeds invested in a reserve fund) of the Certificates will be used to carry out the governmental purpose of the Certificates within three years after the Issue Date, and not more than 50% of the proceeds of the Certificates will be invested in Investments having a substantially guaranteed Yield for four years or more.

(n) *Compliance with Future Tax Requirements.* The City understands that the Code and the Regulations may impose new or different restrictions and requirements on the City in the future. The City

will comply with such future restrictions that are necessary to maintain the exclusion of the Interest Portion of the Basic Rent Payments from gross income for federal income tax purposes.

(o) *Single Issue; No Other Issues.* The Lease and the Certificates constitute a single “issue” under Regulations § 1.150-1(c). No other debt obligations of the City (1) are being sold within 15 days of the sale of the Certificates, (2) are being sold under the same plan of financing as the Certificates, and (3) are expected to be paid from substantially the same source of funds as the Certificates (disregarding guarantees from unrelated parties, such as bond insurance).

(p) *Interest Rate Swap.* As of the Issue Date, the City has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Certificates. The City will not enter into any such arrangement in the future without first obtaining favorable advice of Special Tax Counsel.

(q) *Guaranteed Investment Contract.* As of the Issue Date, the City does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Certificates. The City will be responsible for complying with **Section 4.4(d)** if it decides to enter into a Guaranteed Investment Contract at a later date.

(r) *Bank Qualified Tax-Exempt Obligation.* The City’s obligation to pay Basic Rent under the Lease is not a “qualified tax-exempt obligation” under Code § 265(b)(3).

**Section 2.2. Representations and Covenants of the Trustee.** The Trustee represents and covenants to the City as follows:

(a) The Trustee will comply with the provisions of this Tax Agreement that apply to it as Trustee and any written letter or Opinion of Special Tax Counsel, specifically referencing the Lease and the Certificates and received by the Trustee, that sets forth any action necessary to comply with any statute, regulation or ruling that may apply to it as Trustee and relating to reporting requirements or other requirements necessary to maintain the exclusion of the Interest Portion of the Basic Rent Payments from gross income for federal income tax purposes; provided that any such reporting requirements or actions relate to records that the Trustee has or is required to have or responsibilities of the Trustee contained herein or in the Declaration.

(b) The Trustee, upon receipt of a written request from the City, may from time to time cause a firm of attorneys, consultants or independent accountants or an investment banking firm to provide the Trustee and the City with such information as it may request in order for the City to determine all matters relating to (1) the Yield on the Lease as it relates to any data or conclusions necessary to verify that neither the Lease nor any Certificate is an “arbitrage bond” within the meaning of Code § 148, and (2) compliance with the arbitrage rebate requirements of Code § 148(f). The City will pay all reasonable costs and expenses incurred in connection with supplying the foregoing information.

(c) The Trustee, acting on behalf of the City, will retain records related to the investment and expenditure of Gross Proceeds held in funds and accounts maintained by the Trustee and any records provided to the Trustee by the City related to the Post-Issuance Tax Requirements in accordance with **Section 4.2(a)** of this Tax Agreement. The Trustee will retain these records until three years following the final maturity of (1) the Certificates or (2) any obligation issued to refund the Certificates; provided, however, if the Trustee is not retained to serve as bond trustee for any obligation issued to refund the Certificates (a “Refunding Obligation”), then the Trustee may satisfy its record retention duties under this

**Section 2.2(c)** by providing copies of all records in its possession related to the Certificates to the bond trustee for the Refunding Obligation or other party agreed upon by the City.

**Section 2.3. Survival of Representations and Covenants.** All representations, covenants and certifications of the City and the Trustee contained in this Tax Agreement, or in any certificate or other instrument delivered by the City or the Trustee under this Tax Agreement, will survive the execution and delivery of such documents and the approval and delivery of the Lease and the Certificates, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Lease and the Certificates.

## ARTICLE III

### ARBITRAGE CERTIFICATIONS AND COVENANTS

**Section 3.1. General.** The purpose of this **Article III** is to certify, under Regulations § 1.148-2(b), the City's expectations as to the sources, uses and investment of Certificate proceeds and other money, in order to support the City's conclusion that neither the Lease nor any Certificate is an arbitrage bond. The persons executing this Tax Agreement on behalf of the City are officers of the City responsible for executing the Lease and authorizing the Trustee to deliver the Certificates.

**Section 3.2. Reasonable Expectations.** The facts, estimates and expectations set forth in this **Article III** are based upon and in reliance upon the City's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the City's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the City set forth in this Tax Agreement are reasonable. The City has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

**Section 3.3. Purposes of the Financing.** The Lease is being executed and the Certificates are being delivered for the purpose of providing funds (a) to finance costs of the Financed Facility and (b) to pay costs related to the delivery of the Lease and the Certificates.

**Section 3.4. Funds and Accounts.** The following funds and accounts have been established under the Declaration:

- (a) Project Fund.
- (b) Lease Revenue Fund.
- (c) Rebate Fund.

**Section 3.5. Amount and Use of Certificate Proceeds.**

(a) *Amount of Certificate Proceeds.* The total proceeds to be received by the City from the sale of the Certificates will be as follows:

Principal Amount	\$[*Principal Amount*].00
Plus: Original Issue Premium	
Less: Underwriting Discount	<u>    0</u>
Total Certificate Proceeds	<u>    \$</u>

(b) *Use of Certificate Proceeds.* The remaining Certificate proceeds will be deposited to the Project Fund and are expected to be allocated to expenditures as follows: \$\_\_\_\_\_ will be used to pay delivery costs of the Certificates and \$\_\_\_\_\_ will be used to pay costs of the Financed Facility.

**Section 3.6. Multipurpose Issue.** [Reserved].

**Section 3.7. No Current Refunding.** No proceeds of the Certificates will be used to pay the principal of or interest on any other debt obligation.

**Section 3.8. Project Completion.** The City has incurred, or will incur within six months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the Certificates on the Financed Facility. The completion of the Financed Facility and the allocation of the Net Proceeds of the Certificates to expenditures will proceed with due diligence. At least 85% of the Net Proceeds of the Certificates will be allocated to expenditures on the Financed Facility within three years after the Issue Date.

**Section 3.9. Sinking Funds.** The City is required to make periodic payments in amounts sufficient to pay the Basic Rent Payments. These payments will be deposited into the Lease Revenue Fund. Except for the Lease Revenue Fund, no sinking fund or other similar fund that is expected to be used to pay Basic Rent Payments has been established or is expected to be established. The Lease Revenue Fund is used primarily to achieve a proper matching of revenues with Basic Rent Payments within each Certificate Year, and the City expects that the Lease Revenue Fund will qualify as a Bona Fide Debt Service Fund.

**Section 3.10. Reserve, Replacement and Pledged Funds.**

(a) *Reserve Fund.* No reserve or replacement fund has been established with respect to the Lease.

(b) *No Other Replacement or Pledged Funds.* None of the Certificate proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that instead have been or will be used to acquire higher yielding Investments. Except for the Lease Revenue Fund, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the Basic Rent Payments if the City encounters financial difficulty.

**Section 3.11. Purpose Investment Yield.** The proceeds of the Certificates will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

**Section 3.12. Issue Price and Yield.**

(a) *Issue Price.* Based on the Underwriter's certifications in the Underwriter's Receipt and Closing Certificate, the City hereby elects to establish the issue prices of the Certificates pursuant to

[\*Regulations § 1.148-1(f)(2)(i) (relating to the so-called “general rule”)\*]. Therefore, the aggregate issue price of the Certificates for such purpose is \$ \_\_\_\_\_.

(b) *Yield.* Based on the issue price, the Yield on the Lease is \_\_\_\_\_%, as computed by Special Tax Counsel and shown on **Exhibit A**. The City has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Certificates.

### **Section 3.13. Miscellaneous Arbitrage Matters.**

(a) *No Abusive Arbitrage Device.* The Lease and the Certificates are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the City to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) *No Over-Issuance.* The sale proceeds of the Certificates, together with expected Investment earnings thereon and other money contributed by the City, do not exceed the cost of the governmental purpose of the Lease and the Certificates as described above.

**Section 3.14. Conclusion.** On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the City does not expect that the Certificate proceeds will be used in a manner that would cause any portion of the Lease or any Certificate to be an “arbitrage bond” within the meaning of Code § 148 and the Regulations.

## **ARTICLE IV**

### **POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES**

#### **Section 4.1. General.**

(a) *Purpose of Article.* The purpose of this **Article IV** is to supplement the Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Lease is executed and the Certificates are delivered. The City recognizes that the Interest Portion of the Basic Rent Payments will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The City further acknowledges that written evidence substantiating compliance with the Post-Issuance Tax Requirements must be retained to permit the Lease and the Certificates to be refinanced with tax-exempt obligations and to substantiate the position that the Interest Portion of the Basic Rent Payments is exempt from gross income in the event of an audit of the Lease and the Certificates by the IRS.

(b) *Written Policies and Procedures of the City.* The City intends for the Tax Compliance Procedure, as supplemented by this Tax Agreement, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Lease and the Certificates and to supplement any other formal policies and procedures related to tax compliance that the City has established. The provisions of this Tax Agreement are intended to be consistent with the Tax Compliance Procedure. In the event of any inconsistency between the Tax Compliance Procedure and this Tax Agreement, the terms of this Tax Agreement will govern.

(c) *Bond Compliance Officer.* The City when necessary to fulfill the Post-Issuance Tax Requirements will, through its Bond Compliance Officer, sign Form 8038-T in connection with the payment

of arbitrage rebate or Yield reduction amounts, participate in any federal income tax audit of the Lease or the Certificates or related proceedings under a voluntary compliance agreement procedure (VCAP) or undertake a remedial action procedure pursuant to Regulations § 1.141-12. In each case, all costs and expenses incurred by the City shall be treated as a reasonable cost of administering the Lease and the Certificates and the City shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Declaration or state law.

**Section 4.2. Record Keeping, Use of Certificate Proceeds and Use of Financed Facility.**

(a) *Record Keeping.* The Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Lease and the Certificates in accordance with the Tax Compliance Procedure. Unless otherwise specifically instructed in advice or a written Opinion of Special Tax Counsel or to the extent otherwise provided in this Tax Agreement, the Bond Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until three years following the final maturity of (1) the Certificates or (2) any obligation issued to refund the Certificates. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (A) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (B) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (C) exhibit a high degree of legibility and readability both electronically and in hardcopy, (D) provide support for other books and records of the City and (E) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the City's premises.

(b) *Accounting and Allocation of Certificate Proceeds and Qualified Equity to Expenditures.* The Bond Compliance Officer will account for the investment and expenditure of Certificate proceeds in the level of detail required by the Tax Compliance Procedure. The Bond Compliance Officer will supplement the expected allocation of Certificate proceeds and Qualified Equity to expenditures with a Final Written Allocation as required by the Tax Compliance Procedure. A sample Final Written Allocation is attached as **Exhibit F**.

(c) *Annual Compliance Checklist.* Attached as **Exhibit E** is a sample Annual Compliance Checklist for the Certificates. The Bond Compliance Officer will prepare and complete an Annual Compliance Checklist for the Project at least annually in accordance with the Tax Compliance Procedure. If the Annual Compliance Checklist identifies a deficiency in compliance with the requirements of this Tax Agreement, the Bond Compliance Officer will take the actions identified in advice of Special Tax Counsel or as described in the Tax Compliance Procedure to correct any deficiency.

(d) *Advice and Opinions of Special Tax Counsel.* The Bond Compliance Officer is responsible for obtaining and delivering to the City and the Trustee any advice or Opinion of Special Tax Counsel required under the provisions of this Tax Agreement or the Annual Compliance Checklist.

**Section 4.3. Temporary Periods/Yield Restriction.** Except as described below, the City will not invest Gross Proceeds at a Yield greater than the Yield on the Lease:

(a) *Project Fund and Costs of Delivery.* Certificate proceeds deposited in the Project Fund, including funds used to pay the delivery costs of the Certificates, and Investment earnings on those proceeds may be invested without Yield restriction for up to three years following the Issue Date. If any such Certificate proceeds remain unspent after three years, those amounts may continue to be invested without Yield restriction so long as the City pays to the IRS all Yield reduction payments in accordance with

Regulations § 1.148-5(c). These payments are required whether or not the Certificates are exempt from the arbitrage rebate and Yield reduction amounts requirements of Code § 148.

(b) *Lease Revenue Fund.* To the extent that the Lease Revenue Fund qualifies as a Bona Fide Debt Service Fund, money in such fund may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for one year after the date of receipt of such earnings.

(c) *Rebate Fund.* Money other than sale proceeds or Investment proceeds of the Certificates on deposit in the Rebate Fund may be invested without Yield restriction.

(d) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

#### **Section 4.4. Procedures for Establishing Fair Market Value.**

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) *Established Securities Market.* Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) Bona Fide Solicitation for Bids. The City or the Trustee makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers or are made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.



(B) The bid specifications include all “material” terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City, the Trustee, or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the City, the Trustee, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the City’s reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive “last look”).

(G) At least three “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.

(2) Bids Received. The bids received must meet all of the following requirements:

(A) At least three bids are received from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least one of the three bids received is from a reasonably competitive provider, as defined above.

(C) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The City and the Trustee (to the extent the Trustee is provided with such records) retain the following records with the Certificate documents until three years after the last outstanding Certificate is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the City or the Trustee, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of the Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments*. If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least three bids on the Investment must be received from persons with no financial interest in the Certificates (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

#### **Section 4.5. Certain Gross Proceeds Exempt from the Rebate Requirement.**

(a) *General*. A portion of the Gross Proceeds of the Certificates may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Certificates and will not otherwise affect the application of the Investment limitations described in **Section 4.3**. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in **Section 4.6** applies even if a portion of the Gross Proceeds of the Certificates is exempt from the rebate requirement. To the extent all or a portion of the Certificates is exempt from rebate, the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in **Section 4.6**. The City may defer the final rebate Computation Date and the payment of rebate for the Certificates to the extent permitted by Regulations §§ 1.148-7(b)(1) and 1.148-3(e)(2) but only in accordance with specific written instructions provided by the Rebate Analyst.

(b) *Applicable Spending Exceptions.*

(1) The City expects that at least 75% of the Available Construction Proceeds will be used for construction or rehabilitation expenditures for property owned by the City.

(2) The following optional rebate spending exceptions can apply to the Certificates:

- 6-month spending exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c)).
- 18-month spending exception (Regulations § 1.148-7(d)).
- 2-year spending exception (Code § 148(f)(4)(C) and Regulations § 1.148-7(e)).

(c) *Special Elections Made with Respect to Spending Exception Elections.* No special elections are being made in connection with the application of the spending exceptions.

(d) *Bona Fide Debt Service Fund.* To the extent that the Lease Revenue Fund qualifies as a Bona Fide Debt Service Fund, Investment earnings in the fund cannot be taken into account in computing arbitrage rebate and Yield reduction amounts (1) with respect to such portion that meets the 6-month, 18-month or 2-year spending exception, or (2) for a given Certificate Year, if the gross earnings on the Lease Revenue Fund for such Certificate Year are less than \$100,000. If the average annual debt service on the Certificates does not exceed \$2,500,000, the \$100,000 earnings test may be treated as satisfied in every Certificate Year.

(e) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, the City may engage the Rebate Analyst to determine whether one or more spending exceptions have been satisfied and the extent to which the City must continue to comply with **Section 4.6**.

(f) *General Requirements for Spending Exception.* The following general requirements apply in determining whether a spending exception is met.

(1) Using Adjusted Gross Proceeds or Available Construction Proceeds to pay the principal of any Certificate is not taken into account as an expenditure for purposes of meeting any of the spending tests.

(2) The 6-month spending exception generally is met if all Adjusted Gross Proceeds of the Certificates are spent within six months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial six-month period, so long as this amount is spent within one year of the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the Certificates are spent in accordance with the following schedule:

<b>Time Period After the Issue Date</b>	<b>Minimum Percentage of Adjusted Gross Proceeds Spent</b>
6 months	15%
12 months	60%
18 months (Final)	100%

(4) The 2-year spending exception generally is met if all Available Construction Proceeds are spent in accordance with the following schedule:

<b>Time Period After the Issue Date</b>	<b>Minimum Percentage of Available Construction Proceeds Spent</b>
6 months	10%
12 months	45%
18 months	75%
24 months (Final)	100%

(5) For purposes of applying the 18-month and 2-year spending exceptions only, the failure to satisfy the **final** spending requirement is disregarded if the City uses due diligence to complete the Financed Facility and the failure does not exceed the lesser of 3% of the aggregate issue price of the Certificates or \$250,000. **No such exception applies for any other spending period.**

(6) For purposes of applying the 18-month and 2-year spending exceptions only, the Certificates meet the applicable spending test even if, at the end of the **final** spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months after the Issue Date in the case of the 18-month exception or three years after the Issue Date in the case of the 2-year spending exception.

#### **Section 4.6. Computation and Payment of Arbitrage Rebate and Yield Reduction Amounts.**

(a) *Rebate Fund.* The Trustee will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Agreement. Any Investment earnings derived from the Rebate Fund will be credited to the Rebate Fund, and any Investment loss will be charged to the Rebate Fund.

(b) *Computation of Rebate Amount.* The Trustee will provide the Rebate Analyst Investment reports relating to each fund held by the Trustee that contains Gross Proceeds of the Certificates at such times as reports are provided to the City and not later than 10 days following each Computation Date. The City will provide the Rebate Analyst with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Certificate Year and not later than 10 days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Certificates, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate (the "Rebate Amount") following each Computation Date and deliver a written report to the Trustee and the City together with an opinion or certificate of the Rebate Analyst stating that the Rebate Amount and Yield reduction amounts were determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is less than the Rebate Amount and Yield reduction amounts due, the City will, within 55 days after such

Computation Date, pay to the Trustee the amount of the deficiency for deposit into the Rebate Fund. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is greater than the Rebate Amount, the Trustee will transfer such surplus in the Rebate Fund to the Lease Revenue Fund. After the final Computation Date or at any other time if the Rebate Analyst has advised the Trustee, any money left in the Rebate Fund will be paid to the City and may be used for any purpose not prohibited by law.

(c) *Rebate Payments.* Within 60 days after each Computation Date, the Trustee will pay (but solely from money in the Rebate Fund or provided by the City) to the United States the Rebate Amount and Yield reduction amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center  
Ogden, UT 84201

(d) *Successor Rebate Analyst.* If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the City desires that a different firm act as the Rebate Analyst, then the City by an instrument or concurrent instruments in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Agreement, will engage a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, and the City fails to appoint a qualified successor Rebate Analyst within 30 days following notice of such resignation, then the Trustee will appoint a firm to act as the successor Rebate Analyst.

(e) *Filing Requirements.* The Trustee and the City will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with advice of Special Tax Counsel.

(f) *Survival After Defeasance.* Notwithstanding anything in the Declaration to the contrary, the obligation to pay arbitrage rebate and Yield reduction amounts to the United States will survive the payment or defeasance of the Certificates.

## ARTICLE V

### MISCELLANEOUS PROVISIONS

**Section 5.1. Term of Tax Agreement.** This Tax Agreement will be effective concurrently with the execution of the Lease and delivery of the Certificates and will continue in force and effect until all of the Basic Rent Payments have been fully paid and all Certificates are canceled; provided that, the provisions of **Article IV** regarding payment of arbitrage rebate and Yield reduction amounts and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions of **Section 4.2** relating to record keeping shall continue in force for the period described therein for records to be retained.

**Section 5.2. Amendments.** This Tax Agreement may be amended from time to time by the parties to this Tax Agreement without notice to or the consent of any of the owners of the Certificates, but

only if such amendment is in writing and is accompanied by advice or an Opinion of Special Tax Counsel to the effect that, under then-existing law, assuming compliance with this Tax Agreement as so amended, such amendment will not cause the Interest Portion of the Basic Rent Payments to be included in gross income for federal income tax purposes. No such amendment will become effective until the City and the Trustee receive this advice or Opinion of Special Tax Counsel.

**Section 5.3. Opinion of Special Tax Counsel.** The City and the Trustee may deviate from the provisions of this Tax Agreement if furnished with advice or an Opinion of Special Tax Counsel addressed to each of them to the effect that the proposed deviation will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for federal income tax purposes. The City and the Trustee will comply with any further or different instructions provided in advice or an Opinion of Special Tax Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Certificates or the exclusion from gross income of the Interest Portion of the Basic Rent Payments; provided that with respect to the Trustee any such instructions are within the scope of the Trustee's responsibilities as set forth in the Declaration.

**Section 5.4. Reliance.** In delivering this Tax Agreement the City and the Trustee are making only those certifications, representations and agreements as are specifically attributed to them in this Tax Agreement. Neither the City nor the Trustee is aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Agreement and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The parties to this Tax Agreement understand that their certifications will be relied upon by Special Tax Counsel, in rendering its opinion as to the validity of the Certificates and the exclusion from federal gross income of the Interest Portion of the Basic Rent Payments.

**Section 5.5. Severability.** If any provision in this Tax Agreement, the Lease or the Certificates is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

**Section 5.6. Benefit of Agreement.** This Tax Agreement is binding upon the City and the Trustee and their respective successors and assigns and inures to the benefit of the parties to this Tax Agreement and the owners of the Certificates. Nothing in this Tax Agreement or in the Declaration, the Lease or the Certificates, express or implied, gives to any person, other than the parties to this Tax Agreement, their successors and assigns, and the owners of the Certificates, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement.

**Section 5.7. Default, Breach and Enforcement.** Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement may be pursued by the owners of the Certificates or the Trustee pursuant to the terms of the Declaration or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

**Section 5.8. Execution in Counterparts.** This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

**Section 5.9. Governing Law.** This Tax Agreement will be governed by and construed in accordance with the laws of the State of Missouri.

**Section 5.10. Electronic Transactions.** The parties agree that the transaction described in this Tax Agreement may be conducted, and related documents may be sent, received or stored, by electronic means.

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, the parties to this Tax Agreement have caused this Tax Agreement to be duly executed by their duly authorized officers as of the Issue Date.

**CITY OF UNIVERSITY CITY, MISSOURI**

By: \_\_\_\_\_  
Title: City Manager

By: \_\_\_\_\_  
Title: Finance Director, as Bond Compliance Officer



**UMB BANK, N.A., as Trustee**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**DEBT SERVICE SCHEDULE AND PROOF OF YIELD**

*{\*To be inserted after final pricing}*

**EXHIBIT B**

**IRS FORM 8038-G**

*[\*To be inserted after final pricing\*]*

**EXHIBIT C**

**REIMBURSEMENT RESOLUTION**

**EXHIBIT D**

**DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY**

*[\*To be inserted after final pricing\*]*

**EXHIBIT E**

**SAMPLE ANNUAL COMPLIANCE CHECKLIST**

<b>Name of tax-exempt obligations (“Certificates”) financing the Project:</b>	<b>[\$*Principal Amount*] Certificates of Participation (City of University City, Missouri, Lessee), Series 2024</b>
<b>Issue Date of Certificates:</b>	<b>June 25, 2024</b>
<b>Placed in service date of the Project:</b>	_____
<b>Name of Bond Compliance Officer:</b>	_____
<b>Period covered by request (“Annual Period”):</b>	_____

<b>Item</b>	<b>Question</b>	<b>Response</b>
<b>1 Ownership</b>	Was the entire Project owned by the City during the entire Annual Period? If “Yes,” skip to Item 2.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “No,” was advice of Special Tax Counsel obtained prior to the transfer?  If Yes, include a description of the advice in the Tax-Exempt Bond File.  If No, contact Special Tax Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

<b>Item</b>	<b>Question</b>	<b>Response</b>
<b>2 Leases &amp; Other Rights to Possession</b>	During the Annual Period, was any part of the Project leased (other than pursuant to the Lease) at any time pursuant to a lease or similar use agreement or arrangement for more than 50 days? If “No,” skip to Item 3.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was advice of Special Tax Counsel obtained prior to entering into the lease or other use agreement or arrangement?  If Yes, include a description of the advice in the Tax-Exempt Bond File.  If No, contact Special Tax Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
<b>3 Management or Service Agreements</b>	During the Annual Period, has the management of all or any part of the operations of the Project been assumed by or transferred to another entity (e.g., does a private entity operate the Annex Building or the Trinity Building on behalf of the City)? If “No,” skip to Item 4.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was advice of Special Tax Counsel obtained prior to entering into the Management or Service Agreement?  If Yes, include a description of the advice in the Tax-Exempt Bond File.  If No, contact Special Tax Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
<b>4 Other Use</b>	Was any other agreement entered into with an individual or entity that grants special legal rights or privileges to such individual or entity that are not otherwise available to the general public? If “No,” skip to Item 5.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was advice of Special Tax Counsel obtained prior to entering into the agreement?  If Yes, include a description of the advice in the Tax-Exempt Bond File.  If No, contact Special Tax Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
<b>5 Arbitrage &amp; Rebate</b>	Have all rebate and Yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If No, contact the Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

**Bond Compliance Officer:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_

## EXHIBIT F

### SAMPLE FINAL WRITTEN ALLOCATION

#### CERTIFICATES OF PARTICIPATION (CITY OF UNIVERSITY CITY, MISSOURI, LESSEE) SERIES 2024

##### Final Written Allocation

The undersigned is the Bond Compliance Officer of the City of University City, Missouri (the “City”), and in that capacity is authorized to execute federal income tax returns required to be filed by the City and to make appropriate elections and designations regarding federal income tax matters on behalf of the City. This allocation of the proceeds of the above-described tax-exempt obligations (the “Certificates”) is necessary for the City to satisfy ongoing reporting and compliance requirements under federal income tax laws.

*Purpose.* This document, together with the schedules and records referred to below, is intended to memorialize allocations of Certificate proceeds to expenditures for purposes of §§ 141 and 148 of the Internal Revenue Code of 1986, as amended (the “Code”). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the City or, if later, the date the Project was Placed in Service (both as defined below), and no later than 60 days following the 5th anniversary of the Issue Date (as defined below).

*Background.* The Certificates were delivered on June 25, 2024 (the “Issue Date”), pursuant to a Declaration of Trust dated as of June 1, 2024 (the “Declaration”), by UMB Bank, N.A. The Certificates were delivered to provide funds to (a) undertake the project described in the Tax Compliance Agreement (the “Project”) and (b) deliver the Certificates. Proceeds of the Certificates were deposited in the Project Fund established under the Declaration.

*Sources Used to Fund Project Costs and Allocation of Proceeds to Project Costs.* Costs of the Project were paid from sale proceeds of the Certificates, earnings from the investment of sale proceeds and other funds of the City, as shown on **Exhibit A**.

*Identification of Financed Facility.* The portions of the Project financed from Certificate proceeds (*i.e.*, the “Financed Facility” referenced in the Tax Compliance Agreement) are listed on page 1 of **Exhibit B**.

*Identification and Timing of Expenditures for Arbitrage Purposes.* For purposes of complying with the arbitrage rules, the City allocates the proceeds of the Certificates to the various expenditures described in the invoices, requisitions or other substantiation attached as **Exhibit B**. In each case, the cost requisitioned was either paid directly to a third party or reimbursed the City for an amount it had previously paid or incurred. Amounts received from the sale of the Certificates and retained as underwriting discount are allocated to that purpose and spent on the Issue Date. Amounts allocated to interest expense are treated as paid on the interest payment dates for the Certificates.

*Placed In Service.* The Project was Placed in Service on the date set out on **Exhibit B**. For this purpose, the Financed Facility is considered to be “Placed in Service” as of the date on which, based on all the facts and circumstances: (a) the constructing and equipping of the Financed Facility has reached a



degree of completion that would permit its operation at substantially its designed level; and (b) the Financed Facility is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The City reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

**CITY OF UNIVERSITY CITY, MISSOURI**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Finance Director

Dated: \_\_\_\_\_

Name of Legal Counsel/Law Firm Reviewing Final Written Allocation:

\_\_\_\_\_  
Date of Review: \_\_\_\_\_

**EXHIBIT A  
TO FINAL WRITTEN ALLOCATION**

**ALLOCATION OF SOURCES AND USES**

**EXHIBIT B  
TO FINAL WRITTEN ALLOCATION**

**IDENTIFICATION OF PROJECT AND FINANCED FACILITY  
&  
DETAILED LISTING OF EXPENDITURES**

**EXHIBIT G**

**TAX-EXEMPT FINANCING COMPLIANCE POLICY AND PROCEDURE**



**EXHIBIT F**  
**CERTIFICATE PURCHASE AGREEMENT**

[On file with the City Clerk]

§ \_\_\_\_\_  
**CERTIFICATES OF PARTICIPATION**  
**(CITY OF UNIVERSITY CITY, MISSOURI, LESSEE)**  
**SERIES 2024**

**CERTIFICATE PURCHASE AGREEMENT**

June 11, 2024

City of University City, Missouri  
6801 Delmar Boulevard  
University City, Missouri 63130

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

Ladies and Gentlemen:

The undersigned Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) hereby offers to enter into this Certificate Purchase Agreement (the “**Purchase Agreement**”) with the City of University City, Missouri (the “**City**”), a legally constituted charter city created, organized and existing under the laws of the State of Missouri (the “**State**”) and its charter, and UMB Bank, N.A., as trustee (the “**Trustee**”), whereby the Underwriter will purchase the Series 2024 Certificates (as defined and described below) . The Underwriter is making this offer subject to the acceptance by the City at or before 11:00 p.m., St. Louis, Missouri time, on the date hereof. If the City accepts this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the City and the Underwriter. The Underwriter may withdraw this Purchase Agreement upon written notice delivered by the Underwriter to the City Manager of the City at any time before the City accepts this Purchase Agreement. Terms used but not defined in this Purchase Agreement are defined in the Declaration of Trust and Official Statement (each as defined below).

1. Purchase and Sale.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase all (but not less than all) of the following certificates of participation: \$ \_\_\_\_\_ aggregate principal amount of Certificates of Participation (City of University City, Missouri, Lessee), Series 2024 (the “**Series 2024 Certificates**”), at the purchase price of \$ \_\_\_\_\_ (representing the aggregate principal amount of the Series 2024 Certificates, less an Underwriter’s discount of \$ \_\_\_\_\_ and plus original issue premium of \$ \_\_\_\_\_). The Underwriter intends to make an initial bona fide public offering of the Series 2024 Certificates at a price or prices described in **Schedule I** hereto; provided, however, the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Series 2024 Certificates (but in all cases subject to the requirements of **Section 5** hereof), and may offer and sell the Series 2024 Certificates to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter at prices lower than the public offering prices or yields greater than the yields set forth therein (but in all cases subject to the requirements of **Section 5** hereof).

The City acknowledges and agrees that with respect to the transaction contemplated hereby: (a) the Underwriter is not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (b) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the City and the Underwriter and the Underwriter has financial and other interests that differ from those of the City; (c) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City and has not assumed any advisory or fiduciary responsibility to the City (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (d) the only obligations the Underwriter has to the City expressly are set forth in this Purchase Agreement; and (e) the City has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. Description and Purpose of the Series 2024 Certificates.

The Series 2024 Certificates are to be executed and delivered at the direction of the City pursuant to a Declaration of Trust dated as of June 1, 2024 (the "**Declaration of Trust**"), made by the Trustee and an ordinance adopted by the City Council of the City on June 10, 2024 (the "**Ordinance**"). The Series 2024 Certificates represent the proportionate interests of the owners thereof in basic rent payments to be made by the City pursuant to a Lease Purchase Agreement dated as of June 1, 2024 (the "**Lease**"), entered into between the Trustee, as lessor, and the City, as lessee. The Series 2024 Certificates shall be dated the date of delivery.

The proceeds of the sale of the Series 2024 Certificates will be used for the purpose of paying the costs of (a) acquiring, constructing, reconstructing, remodeling, equipping, furnishing and otherwise improving the City's Annex Building and Trinity Building and (b) executing and delivering the Series 2024 Certificates.

The Series 2024 Certificates will be secured under the provisions of the Declaration of Trust and the Lease. The Series 2024 Certificates shall mature in the years, bear interest, be purchased at the prices and be subject to prepayment at the times and in the amounts, all as set forth in **Schedule I** attached hereto. The authorized denominations, record dates, interest payment dates and other details and particulars of the Series 2024 Certificates shall be as described in the Declaration of Trust and the Official Statement (as defined below).

3. Delivery of the Official Statement and Other Documents.

(a) The City has approved and delivered or caused to be delivered to the Underwriter copies of the Preliminary Official Statement dated \_\_\_\_\_, 2024, which, including the cover page and all appendices thereto, is herein referred to as the "**Preliminary Official Statement**." It is acknowledged by the City that the Underwriter may deliver the Preliminary Official Statement and a final Official Statement (as hereinafter defined) electronically over the internet and in printed paper form. The City deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

(b) Within seven (7) business days from the date hereof, and in any event not later than the Closing Date (defined herein), the City shall deliver to the Underwriter a final Official Statement relating to the Series 2024 Certificates dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or

attached thereto, as have been approved by the City, Special Tax Counsel (as defined herein), and the Underwriter, is referred to herein as the “**Official Statement**”) and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the MSRB and to meet potential customer requests for copies of the Official Statement. The Underwriter agrees to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the City, with the MSRB on its Electronic Municipal Markets Access (“**EMMA**”) system, if required by MSRB Rule G-32. The Official Statement shall be executed by and on behalf of the City by an authorized officer of the City. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Underwriter. The City hereby agrees to deliver to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission (“**SEC**”) including in a word-searchable pdf format including any amendments thereto. The City hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriter before the date hereof of the Preliminary Official Statement and hereby authorizes and consents to the use by the Underwriter of the Official Statement in connection with the public offering and sale of the Series 2024 Certificates.

(c) In order to assist the Underwriter in complying with Rule 15c2-12, the City will undertake, pursuant to the Continuing Disclosure Undertaking, dated as of June 1, 2024 (the “**Continuing Disclosure Undertaking**”), to provide annual financial and operating information and notices of the occurrence of specified events. A description of the Continuing Disclosure Undertaking is set forth in, and a form of such undertaking is attached as an appendix to, the Preliminary Official Statement and the Official Statement.

#### 4. Establishment of Issue Price.

(a) The Underwriter agrees to assist the City in establishing the issue price of the Series 2024 Certificates and shall execute and deliver to the City at Closing (defined herein) an “issue price” or similar certificate, substantially in the form attached hereto as **Exhibit A**, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Special Tax Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2024 Certificates.

(b) The City represents that it will treat the first price at which 10% of each maturity of the Series 2024 Certificates (the “**10% Test**”) is sold to the public as the issue price of that maturity. The Underwriter hereby reports to the City that at least 10% of each maturity of the Series 2024 Certificates has been sold to the public at the offering price or prices as set forth in **Schedule I** attached hereto. For purposes of this Section, if Series 2024 Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2024 Certificates.

(c) The Underwriter confirms that:

(i) any selling group agreement and each third-party distribution agreement relating to the initial sale of the Series 2024 Certificates to the public, together with the related pricing wires, contains or will contain language obligating the Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:



(A)(1) to report the prices at which it sells to the public the unsold Series 2024 Certificates of each maturity allocated to it until either all Series 2024 Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as to the Series 2024 Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (2) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Series 2024 Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2024 Certificates to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Underwriter shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Series 2024 Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2024 Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2024 Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2024 Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as to the Series 2024 Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or dealer and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(d) The City acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2024 Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2024 Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024 Certificates, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement that was employed in connection with the initial sale of the Series 2024 Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2024 Certificates. The City further acknowledges that the Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Series 2024 Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024 Certificates, and that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2024 Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2024 Certificates.

(e) The Underwriter acknowledges that sales of any Series 2024 Certificates to any person that is a related party to an underwriter participating in the initial sale of the Series 2024 Certificates to the

public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party to an underwriter,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2024 Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2024 Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2024 Certificates to the public),

(iii) a purchaser of any of the Series 2024 Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

5. Representations. The City represents to and agrees with the Underwriter that:

(a) The City is duly organized and validly existing, with full legal right, power and authority to execute, deliver and perform its obligations, as the case may be, under this Purchase Agreement, the Ordinance, the Lease and the Continuing Disclosure Undertaking (collectively, the “**Legal Documents**”) and to perform and consummate all obligations and transactions required or contemplated by each of the Legal Documents and the Official Statement.

(b) The Ordinance approving and authorizing the execution and delivery by the City of the Legal Documents and the offering, delivery and sale of the Series 2024 Certificates upon the terms set forth herein and in the Official Statement, was duly adopted at a meeting of the City Council of the City called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(c) The Ordinance and the Series 2024 Certificates conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement and the Series 2024 Certificates, when duly executed and delivered in accordance with the Ordinance and the Declaration of Trust and delivered to the Underwriter as provided herein, will be validly issued and outstanding obligations of the City, entitled to the benefits of the Ordinance and the Declaration of Trust and payable from the sources therein specified.

(d) The City has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Legal Documents. Each of the Legal Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the City enforceable in accordance with its terms,

subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Each of the Legal Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) The City is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any Material Judgment or Agreement; and the adoption of the Ordinance, the issuance, delivery and sale of the Series 2024 Certificates and the execution and delivery of the Legal Documents and compliance with and performance of the City's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any such constitutional provision, law, administrative regulation or any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City (except as described in or contemplated by the Legal Documents and the Official Statement) or under the terms of any such law, administrative regulation or Material Judgment or Agreement. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject (including, without limitation, the Ordinance and the Legal Documents).

(f) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to the performance by the City of its obligations hereunder and under the Legal Documents have been obtained; provided, that the City makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Series 2024 Certificates for offer and sale under Blue Sky or other state securities laws or regulations.

(g) Any certificates executed by any officer of the City and delivered to the Underwriter pursuant hereto or in connection herewith shall be deemed a representation and warranty of the City as to the accuracy of the statements therein made and as to the authority of the representative to deliver such certificates and make such representation.

(h) Between the date hereof and the time of the Closing, the City shall not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the City or except for such borrowings as may be described in or contemplated by the Official Statement.

(i) The financial statements of the City as of June 30, 2023 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the City as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the City or in its operations since June 30, 2023 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(j) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the information contained in the Preliminary Official Statement (excluding therefrom the information under

the captions “**BOOK-ENTRY ONLY SYSTEM**” and “**UNDERWRITING,**” as to which no representations or warranties are made), as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The Official Statement is, as of its date and at all times after the date of the Official Statement (excluding therefrom the information under the captions “**BOOK-ENTRY ONLY SYSTEM**” and “**UNDERWRITING,**” as to which no representations or warranties are made) up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including that date that is 25 days from the “end of the underwriting period” as defined in Rule 15c2-12 (unless the Underwriter notifies the City by the Closing Date of an unsold balance, in which case the “underwriting period” shall be deemed to end on the Closing Date), the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) If between the date of the Official Statement and the Closing any event shall occur which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City shall promptly (and in any event before the Closing) prepare and furnish (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Underwriter.

(n) Except as described in the Preliminary Official Statement and Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the City or against any other party of which the City has notice or, to the knowledge of the City, threatened against the City: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Series 2024 Certificates, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Series 2024 Certificates, (ii) in any way contesting or affecting any authority for the issuance of the Series 2024 Certificates or the validity or binding effect of any of the Legal Documents, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the City or the validity or effect of the Ordinance or the application of the proceeds of the Series 2024 Certificates, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or (v) which, if adversely determined, could materially adversely affect the financial position or operating condition of the City or the transactions contemplated by the Preliminary Official Statement and Official Statement or any of the Legal Documents. The City shall advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Series 2024 Certificates.

(o) If required in accordance with Rule 15c2-12, the City has provided or will undertake to provide certain annual financial information and other information and notices of the occurrence of certain

events. Except as described in the Official Statement, during the last five years, the City has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

(p) Except as described in the Official Statement, the City, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

All representations, warranties and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on the Underwriter's behalf, and shall survive the delivery of the Series 2024 Certificates.

6. Underwriter's Representation.

By entering into this Purchase Agreement, the Underwriter certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Purchase Agreement will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Underwriter understands that "boycott" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

7. Trustee's Representations. By its acceptance hereof, the Trustee hereby represents and warrants to, and agrees with, the Underwriter that:

(a) The Trustee is a national banking association organized and existing under the laws of the United States of America and is authorized to accept and execute trusts of the character set forth in the Declaration of Trust under the laws of the United States of America.

(b) The Trustee has lawful power and authority to enter into the Legal Documents and to carry out its obligations thereunder. By proper action of its Board of Directors, the Trustee has been duly authorized to execute and deliver the Legal Documents, acting by and through its duly authorized officers, and when executed, each of such Legal Documents shall constitute a valid and binding agreement enforceable in accordance with its terms.

(c) The execution and delivery of the Legal Documents and the consummation of the transactions contemplated thereby, and the performance of or compliance with the terms and conditions of the Legal Documents and other documents relating to the execution and delivery of the Series 2024 Certificates, will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Trustee is a party or by which it or any of its property is bound, or the Trustee's articles of association or bylaws, or any order, rule or regulation applicable to the Trustee or any of its property of any court or governmental body, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee under the terms of any instrument or agreement to which the Trustee is a party.

(d) To the knowledge of the Trustee, there is no litigation or proceeding pending or threatened against the Trustee or any other person affecting the right of the Trustee to execute or deliver the Legal Documents or to comply with its obligations thereunder. Neither the execution and delivery of such Legal

Documents by the Trustee, nor compliance by the Trustee with its obligations thereunder require the Trustee to obtain the approval of any regulatory body, any parent company, or any other entity, which approval has not been obtained.

8. Closing.

At 10:00 a.m., Central Time, on June 25, 2024, or at such other time or date as the Underwriter and the City may mutually agree upon as the date and time of the Closing (the “**Closing Date**”), the City will deliver or cause to be delivered to the Underwriter, at the offices of Gilmore & Bell, P.C., St. Louis, Missouri (“**Special Tax Counsel**”), or at such other place as the Underwriter and the City may mutually agree upon, the Series 2024 Certificates, through the facilities of The Depository Trust Company, New York, New York (“**DTC**”), duly executed and authenticated, and the other documents specified in **Section 9**. At the Closing, (a) upon satisfaction of the conditions herein specified, the Underwriter shall accept the delivery of the Series 2024 Certificates, and pay the purchase price therefor in federal funds payable to the order of the City and (b) the City shall deliver or cause to be delivered the Series 2024 Certificates to the Underwriter through the facilities of DTC in definitive or temporary form, duly executed by the City and in the authorized denominations as specified by the Underwriter at the Closing and the City shall deliver the other documents hereinafter mentioned. Such payment and delivery are herein called the “Closing.” The Series 2024 Certificates shall be made available to the Underwriter at least one (1) business day before the Closing Date for purposes of inspection.

9. Conditions Precedent.

The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the City contained herein and the performance by the City of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter’s obligations under this Purchase Agreement are and shall be subject to the following additional conditions:

(a) The representations of the City contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(b) At the time of the Closing, the Official Statement, the Ordinance and the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) The City shall perform or have performed all of its obligations required under or specified in the Ordinance, the Legal Documents, and the Official Statement to be performed at or prior to the Closing.

(d) The City shall have delivered to the Underwriter the Official Statement by the time, and in the numbers, required by **Section 3** of this Purchase Agreement.

(e) As of the date hereof and at the time of Closing, all necessary official action of the City relating to the Legal Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(f) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the City, the Ordinance, or the Legal Documents as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Series 2024 Certificates.

(g) At or prior to the Closing, the Underwriter shall receive the following documents (in each case with only such changes as the Underwriter shall approve):

(i) The approving opinion of Special Tax Counsel relating to the Series 2024 Certificates, dated the Closing Date;

(ii) The supplemental opinion of Special Tax Counsel, addressed to the Underwriter, dated the Closing Date, to the effect that:

(A) This Purchase Agreement has been duly executed and delivered by the City and is a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(B) The statements contained in the Preliminary Official Statement and the Official Statement on the cover page and in the sections entitled **“INTRODUCTION – General,” “INTRODUCTION – Limited Obligations,” “THE SERIES 2024 CERTIFICATES”** (other than the information concerning DTC and the book-entry system) and **“SECURITY FOR THE SERIES 2024 CERTIFICATES,”** insofar as such statements expressly summarize certain provisions of the Declaration of Trust and the Series 2024 Certificates, **APPENDIX C - DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF DOCUMENTS** and **APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING** are accurate in all material respects; and

(C) The Series 2024 Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended (the **“1933 Act”**) and the Declaration of Trust is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the **“Trust Indenture Act”**);

(iii) A letter, dated the Closing Date and addressed to the Underwriter, from Gilmore & Bell, P.C., St. Louis, Missouri, as disclosure counsel, to the effect that:

(A) The Series 2024 Certificates are exempt from the registration requirements of the 1933 Act and the Declaration of Trust is exempt from qualification under the Trust Indenture Act; and

(B) Based upon the information made available to disclosure counsel in the course of its participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to its attention which would lead it to believe that the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and all times subsequent thereto during the period up to and including the Closing Date, contain any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(iv) A letter, dated the Closing Date and addressed to the Underwriter, from Thompson Coburn LLP, as Underwriter's counsel, to the effect that:

(A) Based upon the information made available to Underwriter's counsel in the course of its participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to its attention which would lead it to believe that the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and all times subsequent thereto during the period up to and including the Closing Date, contain any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(v) A certificate, dated the Closing Date, signed by the City Manager of the City to the effect that: (A) the representations and agreements of the City contained herein are true and correct in all material respects as of the date of the Closing; (B) the Legal Documents have been duly authorized and executed and are in full force and effect; (C) except as described in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement, no litigation is pending or, to his or her knowledge, threatened (1) seeking to restrain or enjoin the issuance or delivery of any of the Series 2024 Certificates, (2) in any way contesting or affecting any authority for the issuance of the Series 2024 Certificates or the validity of the Series 2024 Certificates, the Ordinance or any Legal Document, (3) in any way contesting the creation, existence or powers of the City or the application of the proceeds of the Series 2024 Certificates, or (4) which, if adversely determined, could materially adversely affect the financial position or operating condition of the City or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date or any Legal Document; and (D) the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of information in the Official Statement under the captions **"BOOK-ENTRY ONLY SYSTEM"** and **"UNDERWRITING;"** (E) the financial statements of the City as of June 30, 2023 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the City as of the dates and for the periods therein set forth; and (F) except as disclosed in the Preliminary Official Statement and the Official Statement, since June 30, 2023 no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the City and the City has not incurred since June 30, 2023, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;

(vi) A certified copy of the Ordinance;

(vii) Executed or certified copies of each other Legal Document;

(viii) A Federal Tax Certificate of the City, in form satisfactory to Special Tax Counsel, executed by such officials of the City as shall be satisfactory to the Underwriter;

(ix) A letter from S&P Global Ratings, a division of S&P Global, Inc., assigning a rating of "AA" to the Series 2024 Certificates based on the City's underlying creditworthiness;



(x) Evidence that a Form 8038-G relating to the Series 2024 Certificates has been executed by the City and will be filed with the Internal Revenue Service (the “IRS”) within the applicable time limit;

(xi) A copy of the City’s executed Blanket Letter of Representation to The Depository Trust Company; and

(xii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, counsel for the Underwriter or Special Tax Counsel may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the City herein contained and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City and all conditions precedent to the issuance of additional Series 2024 Certificates pursuant to the Indenture shall have been fulfilled.

#### 10. Termination.

If the City shall be unable to satisfy the conditions of the Underwriter’s obligations contained in this Purchase Agreement or if the Underwriter’s obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Underwriter at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Underwriter to the City in writing, or by telephone confirmed in writing. The performance by the City of any and all conditions contained in this Purchase Agreement for the benefit of the Underwriter may be waived by the Underwriter.

(a) The Underwriter shall also have the right, before the time of Closing, to cancel its obligation to purchase the Series 2024 Certificates, by written notice (or by telephone confirmed in writing) by the Underwriter to the City, if between the date hereof and the time of Closing, in the Underwriter’s sole and reasonable judgment any of the following events shall occur:

(i) the market price or marketability of the Series 2024 Certificates, or the ability of the Underwriter to enforce contracts for the sale of the Series 2024 Certificates, shall be materially adversely affected by any of the following events:

(A) legislation shall have been enacted by Congress of the United States (“Congress”) or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to Congress for passage by the President of the United States or a member of the President’s Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the IRS, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Series 2024 Certificates; or

(B) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(C) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(D) legislation shall have been enacted by Congress or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Series 2024 Certificates, or any comparable securities of the City, are not exempt from the registration, qualification or other requirements of the 1933 Act or the Trust Indenture Act or otherwise, or would be in violation of any provision of the federal securities laws; or

(E) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City shall have occurred; or

(F) any rating on:

(a) securities of the City which are secured by a pledge on a parity with the Series 2024 Certificates or

(b) if the Series 2024 Certificates (or any portion thereof) are insured by a bond insurance policy, the bond insurer is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the City refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Series 2024 Certificates or the ability of the Underwriter to enforce contracts for the sale of the Series 2024 Certificates; or

(c) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

(d) a material disruption in securities settlement, payment or clearance services affecting the Series 2024 Certificates shall have occurred; or

(e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or Congress, or by executive order of the President of the United States; or

(f) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Series 2024 Certificates, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Series 2024 Certificates, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the 1933 Act, the Exchange Act and the Trust Indenture Act.

Upon the occurrence of a Termination Event and the termination of this Purchase Agreement by the Underwriter, all obligations of the City and the Underwriter under this Purchase Agreement shall terminate, without further liability

11. Amendments to Official Statement.

During the period commencing on the date of the Official Statement and ending twenty-five (25) days from the end of the underwriting period (as defined in Rule 15c2-12) the City shall advise the Underwriter if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or “potential customer” (as defined for purposes of Rule 15c2-12). If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including that date that is 25 days from the end of the “underwriting period” (as defined in this Purchase Agreement), the Official Statement as supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and the City shall amend or supplement the Official Statement (in form and substance satisfactory to counsel for the Underwriter) so that the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The expenses of preparing such amendment or supplement shall be borne by the City. For the purpose of this Section, the City will furnish to the Underwriter such information with respect to itself as the Underwriter may from time to time reasonably request.

12. Expenses.

Whether or not the Series 2024 Certificates are sold to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the City’s obligations hereunder. If the Series 2024 Certificates are delivered by the City to the Underwriter, the City shall pay, from the proceeds of the Series 2024 Certificates or from other funds of the City, the following expenses: (a) the cost of preparing, duplicating or printing, mailing and delivering the Legal Documents, including the cost of electronically distributing the Preliminary Official Statement and the Official Statement and any amendment or supplement of either; (b) the cost of preparation and printing of the definitive Series 2024 Certificates; (c) the fees and expenses of the City, the Trustee, Special Tax Counsel, Disclosure Counsel, Underwriter’s counsel and any entity performing continuing disclosure compliance research or providing continuing disclosure compliance reports and any other experts or consultants retained by the City; (d) the charges of any rating agency with respect to the Series 2024 Certificates; (e) reimbursement to the Underwriter for payment of any fees and expenses reasonably incurred in connection with the initial offering, sale and delivery of the Series 2024 Certificates, including but not limited to industry fees (e.g., DTC, DAC, IPREO, CUSIP and Day Loan fees) only if the City and Underwriter have previously discussed and approved the allocation of proceeds towards these fees, and meal and travel expenses of City personnel, but not including entertainment expenses or those to be paid by the Underwriter pursuant to the last paragraph of this **Section 12**, and (f) all other fees and expenses, not including entertainment expenses,

reasonably incurred in connection with the preparation of the Legal Documents and/or the initial offering, sale and delivery of the Series 2024 Certificates.

If the Series 2024 Certificates are sold to the Underwriter by the City, the City shall pay out of the proceeds of the Series 2024 Certificates the discount of the Underwriter or the purchase price paid for the Series 2024 Certificates shall reflect such discount.

Except as otherwise provided in this **Section 12**, the Underwriter shall pay the cost, if any, of qualifying the Series 2024 Certificates for sale in the various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Series 2024 Certificates and all other expenses incurred by it in connection with its public offering and distribution of the Series 2024 Certificates, not described above.

13. Use of Documents.

The City hereby authorizes the Underwriter to use, in connection with the public offering and sale of the Series 2024 Certificates, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

14. Qualification of Series 2024 Certificates.

The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Series 2024 Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and to provide for the continuance of such qualification; provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

15. Notices.

Any notice or other communication to be given to the City under this Purchase Agreement may be given by delivering the same in writing to the City at 6801 Delmar Boulevard, University City, Missouri 63130, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to the following address:

Stifel, Nicolaus & Company, Incorporated  
One Financial Plaza  
501 North Broadway, 10<sup>th</sup> Floor  
St. Louis, Missouri 63102  
Attention: Director of Public Finance

16. Benefit.

This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the City contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (a) any investigation made by or on behalf of the Underwriter; (b) delivery of and payment for the Series 2024 Certificates hereunder; or (c) any termination of this Purchase Agreement, other than pursuant to **Section 10**

(and in all events the agreements of the City pursuant to **Sections 11** and **13** hereof shall remain in full force and effect notwithstanding the termination of this Purchase Agreement under **Section 10** hereof).

17. Governing Law. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE.

18. Miscellaneous.

(a) This Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

(b) This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

[Remainder of page intentionally left blank]

Very truly yours,

By:

**STIFEL, NICOLAUS & COMPANY, INCORPORATED,**  
as Underwriter

By: \_\_\_\_\_  
Managing Director

Approved and Agreed to: June 11, 2024

**CITY OF UNIVERSITY CITY, MISSOURI**

By: \_\_\_\_\_  
Gregory Rose, City Manager

Approved and Agreed to: June 11, 2024

**UMB BANK, N.A.,**  
as Trustee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**SCHEDULE I**

§ \_\_\_\_\_  
**CERTIFICATES OF PARTICIPATION**  
**(CITY OF UNIVERSITY CITY, MISSOURI, LESSEE)**  
**SERIES 2024**

**SERIAL CERTIFICATES**

<b><u>Due</u></b> <b><u>(April 1)</u></b>	<b><u>Principal</u></b> <b><u>Portion</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b>
2025	\$	%	%
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			

**TERM CERTIFICATES**

<b><u>Due</u></b> <b><u>(April 1)</u></b>	<b><u>Principal</u></b> <b><u>Portion</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b>
2044	\$	%	%
2049			

**Prepayment Provisions**

***Optional Prepayment.*** The Series 2024 Certificates maturing on April 1, 20\_\_ and thereafter shall be subject to optional prepayment, as a whole or in part, on April 1, 20\_\_ or any date thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2024 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the City upon the exercise of its option to purchase the Trustee's interest in the Equipment or to partially prepay Basic Rent Payments pursuant to the terms of the Lease.

***Extraordinary Optional Prepayment – Damage, Destruction, Condemnation, Changes in Law.*** The Series 2024 Certificates shall be subject to optional prepayment on any date prior to their respective stated maturities, as a whole (but not in part), at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or

otherwise affiliated with the City) of, or loss of title to, substantially all of the Equipment, or if as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Lease or the Declaration of Trust becomes unenforceable and the City purchases the Trustee’s interest in the Equipment pursuant to the Lease.

**Mandatory Prepayment.** The Series 2024 Certificates maturing on April 1, 20\_\_ and April 1, 20\_\_ (collectively, the “**Term Certificates**”) shall be subject to mandatory prepayment at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2024 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the following principal amounts:

**April 1, 20\_\_ Term Certificates**

<b>Prepayment Date (April 1)</b>	<b>Principal Portion</b>
2041	\$
2042	
2043	
2044†	

† Final Maturity

**April 1, 20\_\_ Term Certificates**

<b>Prepayment Date (April 1)</b>	<b>Principal Portion</b>
2045	\$
2046	
2047	
2048	
2049†	

† Final Maturity

[Remainder of page intentionally left blank]

**EXHIBIT A**

§ \_\_\_\_\_  
**CERTIFICATES OF PARTICIPATION  
(CITY OF UNIVERSITY CITY, MISSOURI, LESSEE)  
SERIES 2024**

**FORM OF UNDERWRITER'S RECEIPT FOR CERTIFICATES  
AND CLOSING CERTIFICATE**

The undersigned, Stifel, Nicolaus & Company, Incorporated (the “**Original Purchaser**”), as the underwriter of the above-referenced certificates of participation (the “**Series 2024 Certificates**”), to be executed and delivered by UMB Bank, N.A., as trustee (the “**Trustee**”) at the direction of the City of University City, Missouri (the “**City**”), under the Declaration of Trust dated as of June 1, 2024 (the “**Declaration of Trust**”) of the Trustee and the Certificate Purchase Agreement (the “**Certificate Purchase Agreement**”) dated June 11, 2024 (the “**Sale Date**”) among the Original Purchaser, the Trustee and the City, hereby certifies and represents as follows:

**1. Compliance with Certificate Purchase Agreement.** We acknowledge that we have timely received in satisfactory form and manner all proceedings, certificates, opinions, letters and other documents required to be submitted to us pursuant to the Certificate Purchase Agreement prior to or on the date of the delivery of and payment for the Series 2024 Certificates (except to the extent we have waived or consented to modification of certain provisions thereof), and that the City has in all respects complied with and satisfied all of its obligations to us which are required under the Certificate Purchase Agreement to be complied with and satisfied on or before the date hereof.

**2. Receipt for the Series 2024 Certificates.** We further acknowledge receipt on this date of the Series 2024 Certificates, consisting of fully-registered Series 2024 Certificates numbered from R-1 consecutively upward in authorized denominations of \$5,000 or integral multiples thereof. Each of said Series 2024 Certificates has been signed by the manual or facsimile signature of an authorized signatory of the Trustee.

**3. Issue Price.** For purposes of this section the following definitions apply:

“**Effective Time**” means the time on the Sale Date that the Certificate Purchase Agreement to purchase the Series 2024 Certificates became enforceable.

“**Initial Offering Price**” means the price listed in **Schedule A** for each Maturity.

“**Maturity**” means Series 2024 Certificates with the same credit and payment terms; Series 2024 Certificates with different maturity dates, or Series 2024 Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.

“**Public**” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriting Firm or a related party to an Underwriting Firm. An Underwriting Firm and a person are related if it and the person are subject, directly or indirectly, to (a) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another) or (c) more than 50% common ownership of the value of the

outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

“**Undersold Maturity**” or “**Undersold Maturities**” means any Maturity for which less than 10% of the principal amount of Series 2024 Certificates of that Maturity were sold to the Public as of the Effective Time.

“**Underwriting Firm**” means (a) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2024 Certificates to the Public and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this definition to participate in the initial sale of the Series 2024 Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2024 Certificates to the Public).

We represent as follows:

(a) Attached as **Attachment A** is a copy of the pricing wire or similar communication used to communicate the Initial Offering Price of each Maturity to the Public.

(b) As of the Effective Time, all the Series 2024 Certificates were the subject of an initial offering to the Public.

(c) As of the Effective Time, none of the Series 2024 Certificates were sold to any person at a price higher than the Initial Offering Price for that Maturity.

(d) As of the Effective Time there were no Undersold Maturities.

**4. Reliance.** This certificate may be relied upon by the City in executing and delivering the Federal Tax Certificate and by Gilmore & Bell, P.C., Special Tax Counsel, in rendering its opinions relating to the exclusion from federal gross income of the interest on the Series 2024 Certificates. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Gilmore & Bell, P.C.

[Remainder of page intentionally left blank]

DATED: June 25, 2024

**STIFEL, NICOLAUS & COMPANY, INCORPORATED**

By: \_\_\_\_\_  
Managing Director

By: \_\_\_\_\_  
Managing Director – Municipal Syndicate

**SCHEDULE A**

**SERIAL CERTIFICATES**

<b><u>Due (April 1)</u></b>	<b><u>Principal Portion</u></b>	<b><u>Interest Rate</u></b>	<b><u>Price</u></b>
2025	\$	%	%
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			

**TERM CERTIFICATES**

<b><u>Due (April 1)</u></b>	<b><u>Principal Portion</u></b>	<b><u>Interest Rate</u></b>	<b><u>Price</u></b>
2044	\$	%	%
2049			

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**ATTACHMENT A**

Initial Offering Price Documentation

[Attach Pricing Wire or Other Offering Price Documentation]

## **EXHIBIT G**

### **SALE PARAMETERS**

1. The aggregate principal amount of the Certificates shall not exceed \$28,500,000.
2. The final stated maturity of the Certificates shall not be later than April 1, 2049.
3. The underwriting discount shall not exceed 0.875%; other costs of delivery shall not exceed 1.000%.
4. The Certificates shall be sold at an issue price of not more than 112.000% of the principal amount of the Certificates.
5. The true interest cost of the Certificates shall not exceed 4.850%.
6. The Certificates shall be subject to optional prepayment by the City not later than April 1, 2034.

\* \* \*





<u>Stated Maturity (April 1)</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Stated Maturity (April 1)</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>
20__	\$	%	20__	\$	%
20__			20__		
20__			20__		
20__			20__		
20__			20__*		

\* Term Certificates

8. Optional Prepayment: The Certificates are subject to optional prepayment by the City on April 1, 20\_\_, which is not later than April 1, 2034.
9. Mandatory Prepayment. The Certificates maturing on April 1, 20\_\_ and April 1, 20\_\_ (the "Term Certificates") identified in paragraph 7 are subject to mandatory prepayment at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, as follows:

Term Certificates Maturing April 1, 20\_\_

<u>Year</u>	<u>Principal Amount</u>
20__	\$
20__	
20__ <sup>+</sup>	

+Final Maturity

Term Certificates Maturing April 1, 20\_\_

<u>Year</u>	<u>Principal Amount</u>
20__	\$
20__	
20__ <sup>+</sup>	

+Final Maturity

10. Capitalized Terms. Capitalized terms used herein and not otherwise defined herein have the meanings assigned to such terms in the Declaration of Trust dated as of June 1, 2024, pursuant to which the Certificates will be executed and delivered.

The terms set forth in this Final Terms Certificate are within the limitations of **Exhibit G** to the Ordinance.

Executed this 11th day of June, 2024.

**CITY OF UNIVERSITY CITY, MISSOURI**

By: \_\_\_\_\_  
Gregory Rose, City Manager