

**TAX CERTIFICATE AS TO ARBITRAGE AND
THE PROVISIONS OF SECTIONS 103 AND 141-150 OF
THE INTERNAL REVENUE CODE OF 1986**

In connection with the sale and issuance by The City of St. Louis, Missouri (the "**City**") of its \$231,275,000 Airport Revenue Refunding Bonds, Series 2007A (Non-AMT) (Lambert-St. Louis International Airport) (the "**2007A Bonds**") and its \$104,735,000 Airport Revenue Refunding Bonds Series, 2007B (AMT) (Lambert-St. Louis International Airport) (the "**2007B Bonds**") and together with the 2007A Bonds, the "**Bonds**") and in furtherance of the covenants of the City contained in Section 6.05 of the Fourteenth Supplemental Indenture of Trust between the City and UMB Bank, N.A., as trustee (the "**Trustee**"), dated as of January 1, 2007 (the "**Fourteenth Supplemental Indenture**") and Section 5.05 of the form of the Fifteenth Supplemental Indenture of Trust between the City and the Trustee, dated as of January 1, 2007 (the "**Fifteenth Supplemental Indenture**"), both of which amend and supplement (or will amend and supplement) the Amended and Restated Indenture of Trust dated as of October 15, 1984 and amended and restated as of September 10, 1997, between the City and UMB Bank, N.A., as trustee, as amended and supplemented (the "**Restated Indenture**") and together with the Fourteenth Supplemental Indenture and the Fifteenth Supplemental Indenture, the "**Indenture**", and pursuant to Treas. Reg. §1.148-2(b)(2), the City makes and enters into the following Tax Certificate.

SECTION 1. DEFINITIONS. Capitalized terms, if not defined herein shall have the meanings set forth in Appendix I or, where not so defined, in the Indenture.

SECTION 2. REPRESENTATIONS.

(a) **Purpose.** The 2007A Bonds are being issued on the date hereof (the "**Delivery Date**") to: (1) advance refund a portion of the City's Airport Revenue Bonds, Series 2001A (Airport Development Program) (Non-AMT) (the "**Refunded 2001A Bonds**"), (2) advance refund a portion of the City's Airport Revenue Bonds, Series 2002A (Capital Improvement Program) (Non-AMT) (the "**Refunded 2002A Bonds**") and together with the Refunded 2001A Bonds, the "**Refunded Bonds**"), (3) pay the bond insurance and surety premiums for the Bonds and to pay the costs of issuance of the 2007A Bonds.

The 2007B Bonds are to be issued on April 3, 2007 (the "**Forward Delivery Date**") to: (1) current refund a portion of the City's Airport Revenue Bonds, Series 1997B (1997 Capital Improvement Program) Lambert-St. Louis International Airport (AMT) (the "**Refunded 1997B Bonds**"), and (2) to pay the bond insurance and surety premiums for the Bonds and to pay the costs of issuance of the 2007B Bonds. Attached as Exhibit D is a form of supplemental tax certificate (the "**Supplemental Tax Certificate**") to be executed by the City on the Forward Delivery Date.

(b) **Single Issue.** All of the Bonds: (a) were sold at substantially the same time (*i.e.*, within 15 days); (b) were sold pursuant to the same plan of financing; and (c) are reasonably expected to be paid from substantially the same source of funds, determined without regard to guarantees from unrelated parties. No other obligations will be: (a) sold at substantially the same time as the Bonds (*i.e.*, less than 15 days from the date that the bond purchase agreements were

signed: January 10, 2007); (b) sold pursuant to the same plan of financing as the Bonds; and (c) reasonably expected to be paid from substantially the same source of funds as the Bonds, determined without regard to guarantees from unrelated parties.

(c) **No Replacement; Average Maturity.** No portion of the amounts received from the sale of the Bonds will be used as a substitute for other funds which were otherwise to be used as a source of financing for the projects financed with the Refunded Bonds or the Refunded 1997B Bonds or the refunding of the Refunded Bonds and the Refunded 1997B Bonds. The weighted average maturity of the 2007A Bonds (15.1895 years) does not exceed 120 percent of the weighted average economic life of the projects financed by the Refunded Bonds (the "**Non-AMT Project**"). The weighted average maturity of the 2007B Bonds (14.8321 years) does not exceed the weighted average maturity of the Refunded 1997B Bonds (14.8639 years) and does not exceed 120 percent of the weighted average economic life of the projects financed by the Refunded 1997B Bonds (the "**AMT Project**"). Thus, neither the 2007A Bonds nor the 2007B Bonds are expected to be outstanding longer than the period reasonably necessary to accomplish the governmental purposes of such bonds.

(d) **Refunded Bonds and Refunded 1997B Bonds.**

(1) **1997 Bonds.** On September 9, 1997, the City issued \$40,420,000 of its Airport Revenue Bonds, Series 1997A (1997 Capital Improvement Program) Lambert-St. Louis International Airport (Non-AMT) (the "**1997A Bonds**") and \$159,185,000 of its Airport Revenue Bonds, Series 1997B (1997 Capital Improvement Program) Lambert-St. Louis International Airport (AMT) (the "**1997B Bonds**") and, collectively with the 1997A Bonds, the "**1997 Bonds**"). The City is current refunding a portion of the 1997B Bonds as further described in Exhibit F.

(2) **2001A Bonds.** The City issued its \$435,185,000 Airport Revenue Bonds, Series 2001A (Airport Development Program) (the "**2001A Bonds**") on May 15, 2001. The 2001A Bonds were issued to fund a portion of the cost of the acquisition of land adjacent to the Airport and the acquisition, design, construction, improvement, renovation, expansion, rehabilitation, and equipping of certain airport facilities and to capitalize interest on the 2001A Bonds, pay the bond insurance and surety bond premium, and pay the costs of issuance of the 2001A Bonds. The City is advance refunding a portion of the 2001A Bonds as further described in Exhibit F.

(3) **2002 Bonds.** On December 19, 2002, the City issued \$117,985,000 aggregate principal amount of Airport Revenue Bonds, Series 2002 (Capital Improvement Program) in three sub-series, the \$69,195,000 Airport Revenue Bonds, Series 2002A (Capital Improvement Program) (Non-AMT) (the "**Series 2002A Bonds**"), the \$31,755,000 Airport Revenue Bonds, Series 2002B (Capital Improvement Program) (AMT) (the "**Series 2002B Bonds**") and the \$17,035,000 Airport Revenue Refunding Bonds, Series 2002C (AMT) (the "**Series 2002C Bonds**") and together with the 2002A Bonds and the 2002B Bonds, the "**2002 Bonds**"). The 2002 Bonds were issued for the purposes described below. The City is advance refunding a portion of the 2002A Bonds as further described in Exhibit F.

(e) **Multipurpose Issue Rule—Application to Refunded Bonds and Refunded 1997B Bonds.** As set forth in the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986 for the 2002 Bonds (the “**2002 Tax Certificate**”), the 2002 Bonds are a Multipurpose Issue consisting of the following portions that are treated as separate issues under §1.148-9(h) and §1.150-1(c)(3): (1) the 2002A Bonds were issued to finance or reimburse a portion of the cost of the construction, improvement, renovation, expansion, rehabilitation and equipping of certain capital improvement projects for roadways, bridges, parking garages, light rail, airfield and other public facilities, (2) the 2002B Bonds were issued to finance or reimburse a portion of the cost of the construction, improvement, renovation, expansion, rehabilitation and equipping of certain capital improvement projects for terminal, concourse and other airline tenant improvements, and (3) the 2002C Bonds were issued to refund all of the City’s outstanding Airport Revenue Refunding and Improvement Bonds, Series 1992, Lambert-St. Louis International Airport Project. The proceeds of the 2007A Bonds being used to advance refund a portion of the 2001A Bonds and the 2002A Bonds and are not being used to refund the 2002B Bonds, the 2002C Bonds or the 1997 Bonds.

As set forth in the Arbitrage and Tax Certificate for the 1997 Bonds (the “**1997 Tax Certificate**”), the 1997 Bonds are a Multipurpose Issue consisting of the following portions that are treated as separate issues under §1.148-9(h) and §1.150-1(c)(3): (1) 1997A Bonds, which are allocable to costs of roadways and curbside improvements, design of the communications/electronics center, noise monitoring system, airfield maintenance facilities, ramp scrubber drain and storm sewer interceptor, and (2) the 1997B Bonds, as further described in the 1997 Tax Certificate, were further allocated for purposes of §1.148-9(h) and §1.150-1(c)(3) into two separate portions issued to finance (a) a 37.5% portion allocable to the apron and taxiway repellent cover and electrical vault seismic upgrades, and (b) a 62.5% portion allocable to terminal and parking improvements. The proceeds of the 2007B Bonds are to be used to current refund a portion of the 1997B Bonds and not being used to refund the 1997A Bonds, the 2001A Bonds or the 2002 Bonds.

(f) **Multipurpose Issue Rule—Application to 2007A Bonds and 2007B Bonds.** The Bonds are a Multipurpose Issue consisting of the following portions that are treated as separate issues under §1.141-13(d) (as revised and amended in a Notice of Proposed Rulemaking published in the *Federal Register* on September 26, 2006), §1.148-9(h) and §1.150-1(c)(3): (1) the portion allocable to the advance refunding of the Refunded Bonds, and (2) the portion allocable to the current refunding of the Refunded 1997B Bonds, and within the Refunded 1997B Bonds, two pro rata portions allocable to the two purposes described in paragraph (e) above. The Bonds are hereby allocated to the refunding of the Refunded Bonds and the Refunded 1997B Bonds in a manner that reflects the aggregate principal and interest payable in each Bond Year that is less than, equal to, or proportionate to, the aggregate principal and interest payable on the Refunded Bonds and the Refunded 1997B Bonds, respectively, in each Bond Year. Under this allocation, the 2007A Bonds are allocable to the advance refunding of the Refunded Bonds and the 2007B Bonds are allocable to the current refunding of the Refunded 1997B Bonds. For this purpose, the common costs of the Bonds are allocated between the two purposes as follows: (1) costs of issuance were either allocated on a pro rata basis, based on costs specifically related to a particular series of bonds (e.g., underwriter’s discount, trustee fees), or, with respect to the costs of issuance contingency, equally between the two series, (2) qualified guarantee fees (i.e., bond insurance and surety bonds) were allocated based on the fees

charged for each series of bonds, and (3) amounts deposited into the debt service reserve sub-accounts and debt service sub-account were allocated based on the required deposits under the Fourteenth Supplemental Indenture and the Fifteenth Supplemental Indenture. See Exhibit F.

(g) Refunded Bonds, Refunded 1997B Bonds and Bonds Not Hedge Bonds. With respect to the Refunded 1997B Bonds, on the issue date of that issue, the City reasonably expected that at least 85 percent of the Spendable Proceeds of the 1997 Bonds would be used to carry out the governmental purpose of the 1997 Bonds within the three year period beginning on the date of issuance of the 1997 Bonds. Not more than 50 percent of the proceeds of the 1997 Bonds were to be invested in Nonpurpose Investments having substantially guaranteed yields for four years or more.

In addition, with respect to the 2001A Bonds and the 2002 Bonds, at least 10 percent of the Spendable Proceeds of each such issue were reasonably expected by the City to be used to carry out the governmental purpose of each issue within the one year period beginning on the date of issuance of each such issue, at least 30 percent of the Spendable Proceeds of each such issue were reasonably expected by the City to be used to carry out the governmental purpose of each such issue within the two year period beginning on the date of issuance of each such issue, at least 60 percent of the Spendable Proceeds were reasonably expected by the City to be used to carry out the governmental purpose of each such issue within the three year period beginning on the date of issuance of each such issue, and at least 85 percent of the Spendable Proceeds were reasonably expected by the City to be used to carry out the governmental purpose of each such issue within the three year period beginning on the date of issuance of each such issue. All costs of issuance with respect to the 2001A Bonds and the 2002 Bonds were each reasonably expected by the City to be paid within 180 days of the date of issuance of each such issue and none of such costs were contingent.

Pursuant to Section 149(g)(3)(C)(i), the Bonds are not "hedge bonds" within the meaning of Section 149(g) of the Code because the 1997 Bonds, the 2001A Bonds and the 2002 Bonds satisfied the requirements of that section.

(h) Operating Rule. Pursuant to Treasury Regulations Section 1.148-9(i), each issue of which the Refunded Bonds are a part has been, as of the Delivery Date, or with respect to the Refunded 1997B Bonds will be, as of the Forward Delivery Date, separated into two portions, the refunded portion of each issue and the unrefunded portion of each issue. The refunded portion of each issue is based on a fraction (1) the numerator of which is the principal amount of each issue to be paid with proceeds of the 2007A Bonds and the 2007B Bonds, as applicable; and (2) the denominator of which is the outstanding principal amount of each issue, determined as of the Delivery Date of the 2007A Bonds or the Forward Delivery Date of the 2007B Bonds, as applicable. For each issue that is being partially refunded, the unspent proceeds of each issue are allocated ratably, as of the Delivery Date or the Forward Delivery Date, as applicable, between the refunded and unrefunded portions of each issue. For purposes of this Section, "**principal amount**" means, in reference to a Plain Par Bond, its stated principal amount, and in reference to any other bond, its present value. The application of Treasury Regulations Section 1.148-9(i) to each of the 1997 Bonds, 2001A Bonds and 2002 Bonds is adjusted to take into account the fact that previously the City has partially refunded some of such bonds. The adjustment excludes from the denominator of the foregoing fraction the maturities of those bonds previously refunded

and excludes from the ratable allocation of the unspent Proceeds of such issue, the Proceeds previously allocated to said maturities.

(i) **Statement as to Facts, Estimates and Circumstances.** The facts and estimates set forth in this Tax Certificate on which the City's expectations as to the amount and use of the Gross Proceeds of the Bonds are based are made to the best of the knowledge and belief of the undersigned officer of the City, and the City's expectations are reasonable.

(j) **Responsible Person.** The undersigned is an officer of the City responsible for the issuance of the Bonds, and has made due inquiry with respect to and is fully informed as to the matters set forth herein.

SECTION 3. REASONABLE EXPECTATIONS OF THE CITY AS TO FACTS, ESTIMATES AND CIRCUMSTANCES. The City makes the following representations and statements of fact and expectation on the basis of which it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code:

(a) **Application of Sale Proceeds—2007A Bonds.**

(1) **Sale Proceeds; No Overissuance.** The Sale Proceeds of the 2007A Bonds will be \$247,072,801.40, which amount consists of the aggregate principal amount of the 2007A Bonds of \$231,275,000.00 plus net original issue premium of \$15,797,801.40. The Sale Proceeds and the investment earnings thereon do not exceed the amount necessary for the purpose set forth in Section 2(a) hereof.

(2) **Escrow Fund.** An amount of the Sale Proceeds of the 2007A Bonds equal to \$241,932,790.20 will be deposited on the date hereof in an escrow fund (the "2007A Escrow Fund") and used to purchase United States Treasury Securities—State and Local Government Series ("SLGS") and to fund the beginning cash balance (\$6.20) that will be used to pay the principal of, redemption premium and interest on the Refunded Bonds.

(3) **Costs of Issuance.** An amount of the Sale Proceeds equal to \$1,003,995.03, will be deposited into the 2007A Costs of Issuance Sub-Account and will be expended within six months after the Delivery Date to provide for the payment of expenses incurred in connection with the issuance of the 2007A Bonds, including, but not limited to Bond Counsel fees, financial advisor fees and printing costs. The rounding amount of \$2,136.32 will also be deposited into the 2007A Costs of Issuance Sub-Account.

(4) **Underwriters' Discount.** An amount of the Sale Proceeds equal to \$1,573,912.31 will be used on the date hereof for the payment of the underwriters' discount with respect to the 2007A Bonds.

(5) **Bond Insurance.** An amount of the Sale Proceeds equal to \$2,559,967.54 will be used on the Delivery Date to purchase a bond insurance policy for the 2007A

Bonds from Financial Security Assurance (the “**Insurer**”) and to acquire a surety policy to fund the Debt Service Reserve Fund for the 2007A Bonds (the bond insurance policy and the surety policy are referred to as, the “**2007A Bond Insurance**”)

(b) Application of Sale Proceeds—2007B Bonds.

(1) Sale Proceeds; No Overissuance. On the Forward Delivery Date, the Sale Proceeds of the 2007B Bonds will be \$111,059,499.30, which amount consists of the aggregate principal amount of the 2007B Bonds of \$104,735,000.00 plus net original issue premium of \$6,324,499.30. The Sale Proceeds and the investment earnings thereon do not exceed the amount necessary for the purpose set forth in Section 2(a) hereof.

(2) Escrow Fund. An amount of the Sale Proceeds of the 2007B Bonds equal to \$108,765,757.62 will be deposited on the Forward Delivery Date in an escrow fund (the “**2007B Escrow Fund**”) and used to purchase a United States Treasury Note (the “**TNote**”) and to fund the beginning cash balance (\$730.65) that will be used to pay the principal of, redemption premium and interest on the Refunded 1997B Bonds.

(3) Costs of Issuance. An amount of the Sale Proceeds equal to \$474,004.97, will be deposited into the 2007B Costs of Issuance Sub-Account on the Forward Delivery Date and will be expended within six months after the Forward Delivery Date to provide for the payment of expenses incurred in connection with the issuance of the 2007B Bonds, including, but not limited to Bond Counsel fees, financial advisor fees and printing costs. The rounding amount of \$3,757.08 will also be deposited into the 2007B Costs of Issuance Sub-Account.

(4) Underwriters’ Discount. An amount of the Sale Proceeds equal to \$737,299.14 will be used on the Forward Delivery Date hereof for the payment of the underwriters’ discount with respect to the 2007B Bonds.

(5) Bond Insurance. An amount of the Sale Proceeds equal to \$1,078,680.49 will be used on the Forward Delivery Date to purchase a bond insurance policy for the 2007B Bonds from the Insurer and to acquire a surety policy to fund the Debt Service Reserve Fund for the 2007B Bonds (the bond insurance policy and the surety policy are referred to as, the “**2007B Bond Insurance**”).

(c) Investment Proceeds. Earnings on amounts held in the 2007A Debt Service Sub-Account (the “**2007A Debt Service Sub-Account**”), the 2007B Debt Service Sub-Account (the “**2007B Debt Service Sub-Account**”), the 2007A Debt Service Reserve Sub-Account (the “**2007A Debt Service Reserve Sub-Account**”) and the 2007B Debt Service Reserve Sub-Account (the “**2007B Debt Service Reserve Sub-Account**”), will be transferred to the Revenue Fund. Earnings on amounts in the Arbitrage Rebate Fund shall be retained therein. Earnings on amounts in the Operations and Maintenance Fund, Renewal and Replacement Fund, the Contingency Fund, the Debt Service Stabilization Fund, the PFC Account and the Development Fund will be retained in such respective accounts or transferred to the Revenue Fund as provided under the Indenture.

(d) Funds on Hand Related to the Refunded Bonds.

(1) Debt Service Reserve Account. There are Proceeds of the Refunded 2002A Bonds on deposit in the 2002A Debt Service Reserve Sub-Account equal to \$4,604,681.00. These amounts will be deposited in the 2007A Debt Service Reserve Sub-Account.

(2) Debt Service Account. There are amounts on deposit in the 2002A Debt Service Sub-Account and the 2001A Debt Service Sub-Account relating to the Refunded Bonds totaling \$996,986.56 that were deposited into such accounts after the date the 2007A Bonds were sold and before the Delivery Date. Had the 2007A Bonds not been issued, these amounts would have been used to pay debt service on the Refunded Bonds on July 1, 2007. These amounts will be deposited into the 2007A Debt Service Sub-Account and used to pay debt service on the 2007A Bonds on July 1, 2007.

(3) Construction Fund. There are Proceeds of the Refunded Bonds on deposit in the Construction Fund that will be used to fund the governmental purposes as the Refunded Bonds (i.e., the Non-AMT Project).

(4) No Other Amounts. Other than the amounts described in this subsection (d), there are no original, investment, or transferred proceeds of the Refunded Bonds that remain unspent on the Delivery Date or amounts that would, absent the issuance of the 2007A Bonds, have been used to pay debt service on the Refunded Bonds.

(e) Funds on Hand Related to the Refunded 1997B Bonds.

(1) Debt Service Reserve Account. There are proceeds of the Refunded 1997B Bonds on deposit in the 1997B Debt Service Reserve Sub-Account equal to \$7,783,490.00. These amounts will be deposited in the Series 2007B Debt Service Reserve Sub-Account.

(2) Debt Service Account. There are amounts on deposit in the 1997B Debt Service Sub-Account relating to the Refunded 1997B Bonds in the amount of \$464,406.25 that were deposited into such account after the date the 2007B Bonds were sold and before the Delivery Date. In addition, between the Delivery Date and the Forward Delivery Date, an amount equal to \$928,812.50 is expected to be deposited into the 1997B Debt Service Sub-Account relating to the Refunded 1997B Bonds. Had the 2007B Bonds not been issued, these amounts would have been used to pay debt service on the Refunded 1997B Bonds on July 1, 2007. On the Forward Delivery Date, these amounts will be deposited into the 2007B Debt Service Sub-Account and used to pay debt service on the 2007B Bonds on July 1, 2007.

(3) Construction Fund. There are Proceeds of the Refunded 1997B Bonds on deposit in the Construction Fund that will be used to fund the governmental purposes as the Refunded 1997B Bonds (i.e., the AMT Project).

(4) **No Other Amounts.** Other than the amounts described in this subsection (e), there are no original, investment, or transferred proceeds of the Refunded 1997B Bonds that remain unspent on the Delivery Date or amounts that would, absent the issuance of the 2007B Bonds, have been used to pay debt service on the Refunded 1997B Bonds.

(f) **Funds and Accounts.**

(1) **Airport Revenue Fund and 2007A Debt Service Sub-Account.** Revenues will be transferred to the Airport Revenue Fund and such amounts will be transferred to the 2007A Debt Service Sub-Account to the extent necessary for the amounts on deposit in the 2007A Debt Service Sub-Account to satisfy the principal and interest requirements of the 2007A Bonds. Amounts on deposit in the 2007A Debt Service Sub-Account will be used to pay principal of and interest on the Bonds and other bonds issued under the Indenture.

The 2007A Debt Service Sub-Account and the Revenue Fund (to the extent reasonably expected to pay debt service on the Bonds) (the “**2007A Debt Service Fund**”) will be used primarily to achieve a proper matching of revenues and debt service on the 2007A Bonds in each Bond Year and will be depleted at least once each year except for a reasonable carryover amount not exceeding the greater of (i) the earnings on such accounts for the immediately preceding bond year, or (ii) one-twelfth of the principal of and interest payments on the 2007A Bonds for the immediately preceding bond year.

(2) **Airport Revenue Fund and 2007B Debt Service Sub-Account.** Revenues will be transferred to the Airport Revenue Fund and such amounts will be transferred to the 2007B Debt Service Sub-Account to the extent necessary for the amounts on deposit in the 2007B Debt Service Sub-Account to satisfy the principal and interest requirements of the 2007B Bonds. Amounts on deposit in the 2007B Debt Service Sub-Account will be used to pay principal of and interest on the 2007B Bonds and other bonds issued under the Indenture.

The 2007B Debt Service Sub-Account and the Revenue Fund (to the extent reasonably expected to pay debt service on the Bonds) (the “**2007B Debt Service Fund**”) will be used primarily to achieve a proper matching of revenues and debt service on the 2007B Bonds in each Bond Year and will be depleted at least once each year except for a reasonable carryover amount not exceeding the greater of (i) the earnings on such accounts for the immediately preceding bond year, or (ii) one-twelfth of the principal of and interest payments on the 2007B Bonds for the immediately preceding bond year.

(3) **Debt Service Reserve Sub-Account.** Funds in the 2007A Debt Service Reserve Sub-Account will be transferred to the 2007A Debt Service Sub-Account, if needed, to make up any deficiency therein. In the event of a temporary interruption of revenues, the 2007A Debt Service Reserve Sub-Account is intended to provide for the

payment of debt service on the 2007A Bonds. Lehman Brothers, as representative of the underwriters for the 2007A Bonds (the **"2007A Underwriter"**), has represented that, the establishment and continued existence of the 2007A Debt Service Reserve Sub-Account (as provided in the Indenture) was and is a vital and necessary factor in obtaining the 2007A Bond Insurance and the 2007A Bond Insurance was a vital and necessary factor in the marketing of the 2007A Bonds to the public at the yields and terms that the 2007A Bonds were sold.

Funds in the 2007B Debt Service Reserve Sub-Account will be transferred to the 2007B Debt Service Sub-Account, if needed, to make up any deficiency therein. In the event of a temporary interruption of revenues, the 2007B Debt Service Reserve Sub-Account is intended to provide for the payment of debt service on the 2007B Bonds. Merrill Lynch & Co., as representative of the underwriters for the 2007B Bonds (the **"2007B Underwriter"**), has represented that, the establishment and continued existence of the 2007B Debt Service Reserve Sub-Account (as provided in the Indenture) was and is a vital and necessary factor in obtaining the 2007B Bond Insurance and the 2007B Bond Insurance was a vital and necessary factor in the marketing of the 2007B Bonds to the public at the yields and terms that the 2007B Bonds were sold.

To the extent the amount of Gross Proceeds of the Bonds on deposit in the Debt Service Reserve Fund does not exceed the limitations contained in section 3(h)(2) of this Tax Certificate, such fund will constitute a "reasonably required reserve or replacement fund."

(4) Debt Service Stabilization Fund; PFC Account. The amounts on deposit in the Debt Service Stabilization Fund will be used for transfers to the Debt Service Fund to the extent Revenues are insufficient therefore, for emergency debt service needs with respect to debt issued for the Airport, or for other Airport operational emergencies.

Pledged PFC Revenues not required to be used for debt service on certain bonds under the Indenture will be transferred by the City to the PFC Account and, provided certain conditions of the Indenture are satisfied, such amounts may be used by the City for various purposes. Under the Indenture, it is reasonably expected that Pledged PFC Revenues will be accumulated in the PFC Account and required to be held to pay debt service on the 2007A Bonds and other bonds secured by such Pledged PFC Revenues.

(5) No Other Funds. Other than the 2007A Costs of Issuance Sub-Account, the 2007B Costs of Issuance Sub-Account, the 2007A Escrow Fund, the 2007B Escrow Fund, the 2007A Debt Service Sub-Account, the 2007A Debt Service Reserve Sub-Account, the 2007B Debt Service Sub-Account, the 2007B Debt Service Reserve Sub-Account, the Revenue Fund, the Operations and Maintenance Fund, the Contingency Fund, the Renewal and Replacement Fund, the Development Fund, the Debt Service Stabilization Fund, and the Arbitrage Rebate Fund, no fund or account which secures or otherwise relates to the Bonds has been established, nor are any funds or accounts expected to be established, pursuant to any instrument. With respect to the amounts on deposit in the Development Fund, the Operations and Maintenance Fund, the

Contingency Fund, the Arbitrage Rebate Fund and the Renewal and Replacement Fund, the amounts deposited therein are not reasonably expected to be used to pay debt service on the Bonds, nor is there is a reasonable assurance that amounts on deposit therein will be available to pay debt service on the Bonds in the event that the City encounters financial difficulties, including any amount held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the bondholders or a guarantor of the Bonds.

(g) Compliance with Reimbursement Regulations. To the extent Proceeds of the Refunded Bonds or the Refunded 1997B Bonds are to be used or were used to reimburse the City for costs of the Non-AMT Project or the AMT Project, respectively, the City or its authorized representative satisfied the requirements of Section 1.150-2 of the Treasury Regulations. That section provides that, except for "preliminary expenditures" (within the meaning of Treasury Regulation Section 1.150-2(f)(2)) or an amount not in excess of \$100,000, all of the expenditures to be reimbursed must be paid no earlier than 60 days before the date the City passed its declaration of intent to reimburse an original expenditure with proceeds of an obligation. Except for preliminary expenditures or an amount not in excess of \$100,000, the reimbursement allocation must be made not later than 18 months after the later of (1) the date the original expenditures were paid; or (2) the date the project is placed in service or abandoned, but in no event more than three years after the original expenditures were paid. All of the amounts to be reimbursed must be Capital Expenditures or expenditures otherwise described in Section 1.150-2(d)(3) of the Treasury Regulations. Other than amounts deposited into a bona fide debt service fund (as defined in Treasury Regulation Section 1.148-1), funds corresponding to the reimbursed amounts may not be used in a manner that results in the creation of Replacement Proceeds of any bonds.

(h) Transferred Proceeds.

(1) General. At the time that Proceeds of the 2007A Bonds or 2007B Bonds discharge any of the outstanding principal of the Refunded Bonds or the Refunded 1997B Bonds, as applicable, proceeds of the Refunded Bonds or Refunded 1997B Bonds become transferred proceeds of the 2007A Bonds or the 2007B Bonds ("**Transferred Proceeds**") and cease to be proceeds of the Refunded Bonds or Refunded 1997B Bonds. The amount of proceeds of the Refunded Bonds or Refunded 1997B Bonds that become Transferred Proceeds is an amount equal to the total proceeds of the Refunded Bonds or Refunded 1997B Bonds at the time of that discharge multiplied by a fraction, the numerator of which is the principal amount of the Refunded Bonds or Refunded 1997B Bonds discharged with Proceeds of the 2007A Bonds or 2007B Bonds, as applicable, and the denominator of which is the total outstanding principal amount of the Refunded Bonds or Refunded 1997B Bonds, as applicable, immediately prior to that discharge. For purposes of this section, "principal amount" means, in reference to a Plain Par Bond, its stated principal amount, and in reference to any other bond, its present value. See Section 2(h) and Appendix VI.

(2) Allocation. Investments of proceeds of the Refunded Bonds or the Refunded 1997B Bonds are allocated to the Transferred Proceeds by consistent application of either the ratable allocation method or the representative allocation

method. Under the ratable allocation method, a ratable portion of each investment of proceeds of the Refunded Bonds or Refunded 1997B Bonds is allocated to Transferred Proceeds. Under the representative allocation method, representative portions of the portfolio of investments of proceeds of the Refunded Bonds or Refunded 1997B Bonds are allocated to the Transferred Proceeds. Whether a portion is representative is based on all the facts and circumstances, including, without limitation, whether the current yields, maturities and current unrealized gains and losses on the particular allocated investments are reasonably comparable to those of the unallocated investments in the aggregate. In addition, if a portion of Nonpurpose Investments is otherwise representative, it is within the City's discretion to allocate the portion from whichever source of funds it deems appropriate.

(3) **Unspent Proceeds.** The only unspent Proceeds of the Refunded Bonds on the date hereof are Proceeds deposited in the 2007A Debt Service Reserve Sub-Account and the Construction Fund. The only unspent Proceeds of the Refunded 1997B Bonds on the date hereof are Proceeds deposited in the 2007B Debt Service Reserve Sub-Account and the Construction Fund.

(i) **Bond Yield.**

(1) **In general.** The yield on the Bonds (the "**Bond Yield**") is the discount rate that, when used in computing the present value on the Delivery Date of all the expected payments of principal and interest and fees for qualified guarantees and qualified hedges that are paid and to be paid on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds on the Delivery Date.

(2) **Issue Price.** Based on the representations the 2007A Underwriter, as of the Delivery Date the aggregate issue price of the Bonds (the "**2007A Issue Price**") is \$247,072,801.40 (the face amount of the Bonds (\$231,275,000.00), plus original issue premium (\$15,797,801.40). See Exhibit A-1.

Based on the representations the 2007B Underwriter, as of the Forward Delivery Date the aggregate issue price of the Bonds (the "**2007B Issue Price**" and together with the 2007A Issue Price, the "**Issue Price**") is \$111,059,499.30 (the face amount of the Bonds (\$104,735,000.00), plus original issue premium (\$6,324,499.30). See Exhibit A-2.

(3) **Callable Premium Bonds.** A portion of the Bonds (the "**Callable Premium Bonds**") are subject to optional early redemption and were sold at an issue price that exceeds the stated redemption price at maturity by more than $\frac{1}{4}$ of 1 percent multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date for the Callable Premium Bonds. In accordance with Treasury Regulation Section 1.148-4(b)(3), the yield on the Bonds has been calculated by treating the Callable Premium Bonds as redeemed on the call date that produces the lowest yield on the Bonds. Accordingly, the yield on the Bonds was calculated by treating each of the Callable Premium Bonds as redeemed on July 1, 2017 at par.

(4) **Qualified Guarantee.** Based in part on the representations of the 2007A Underwriter, the 2007B Underwriter and the Insurer, the Issuer makes the following representations regarding the 2007A Bond Insurance and the 2007B Bond Insurance:

(i) **Interest savings.** The Issuer reasonably expects that the present value of the fees for the 2007A Bond Insurance and the 2007B Bond Insurance will be less than the present value of the expected interest savings on the 2007A Bonds and the 2007B Bonds, as applicable, as a result of the 2007A Bond Insurance and the 2007B Bond Insurance. For this purpose, present value is computed using the yield on each of the 2007A Bonds and the 2007B Bonds as the discount rate (determined with regard to payments for the 2007A Bond Insurance and the 2007B Bond Insurance, as applicable), but treating the Callable Premium Bonds as remaining outstanding until their stated maturity.

(ii) **Guarantee in substance.** The 2007A Bond Insurance and the 2007B Bond Insurance each create a guarantee in substance. The 2007A Bond Insurance and the 2007B Bond Insurance each impose a secondary liability that unconditionally shifts substantially all of the credit risk for all or part of the payments, such as payments for principal and interest, redemption prices, or tender prices, on the 2007A Bonds and the 2007B Bonds, as applicable. The Insurer is not a co-obligor on the Bonds. The Insurer does not expect to make any payments on the Bonds. The Insurer (or any related party) is not using any portion of the proceeds of the Bonds.

(iii) **Reasonable charge.** Fees for the each of the 2007A Bond Insurance and the 2007B Bond Insurance do not exceed a reasonable, arm's-length charge for the transfer of credit risk. None of the fees for the 2007A Bond Insurance and the 2007B Bond Insurance include any payment for any direct or indirect services other than the transfer of credit risk.

Based on the foregoing, Bond Counsel has advised the City that the fees paid to the Insurer for the 2007A Bond Insurance and the 2007B Bond Insurance will constitute payments for a "qualified guarantee" within the meaning of Treasury Regulation Section 1.148-4(f). See Exhibits A and C. Consistent with Treasury Regulation Section 1.148-4(f)(6), the payments for the qualified guarantees will be allocated to the Bonds and to Computation Periods in a manner that properly reflects the proportionate credit risk for which the guarantor is compensated.

(5) **Qualified Hedge.** The City has not and does not expect to enter into any "hedge" (within the meaning of Treasury Regulation Section 1.148-4(h)(2)(i)) with respect to the Bonds.

(6) **Computation.** Based upon calculations performed by the 2007A Underwriter and the 2007B Underwriter, and verified in the Verification Report of Grant Thornton dated as of the date hereof (the "**Verification Report**"), the yield on the Bonds is not less than 4.2980 percent.

(7) **Single Issue.** As described in Section 2(b) hereof, all of the Bonds are part of a single issue within the meaning of Section 1.150-1(c) of the Treasury Regulations. To the extent that the 2007B Bonds are unexpectedly not issued on the Forward Delivery Date, the City will consult with Bond Counsel and take such action as is, in the opinion of Bond Counsel, necessary to ensure that the interest on the Bonds is excludable from gross income for Federal income tax purposes.

(j) **Expectations Regarding Yield Limitations.**

(1) **Generally.**

Fund or Account**	Temporary Period of Unrestricted Investment	Restriction After Temporary Period*	Excepted From Rebate (Y)/(N)
Construction Fund	None	Bond Yield plus 1/8 th of 1 percentage point	N
2007A Debt Service Reserve Sub-Account; 2007B Debt Service Reserve Sub-Account—not in excess of Reserve Limit	Unlimited	N/A	N
2007A Debt Service Reserve Sub-Account; 2007B Debt Service Reserve Sub-Account—in excess of Reserve Limit	None	Bond Yield plus 1/8 th of 1 percentage point	N
2007A Debt Service Fund; 2007B Debt Service Fund	13 months	Bond Yield plus 1/1000 th of 1 percentage point	N
Replacement Proceeds	30 days	Bond Yield plus 1/1000 th of 1 percentage point	N
Investment Earnings – Construction Fund	1 Year from Receipt	Bond Yield plus 1/8 th of 1 Percent	N
Costs of Issuance	90 days	Bond Yield	N

Investment Earnings – 2007A Debt Service Fund, 2007B Debt Service Fund, 2007A Debt Service Reserve Sub-Account, 2007B Debt Service Reserve Sub-Account, Debt Service Stabilization Fund; PFC Account	One Year	Bond Yield	N
2007A Escrow Fund	None	Bond Yield plus 1/1000 th of 1 percentage point	N
2007B Escrow Fund	90 days	Bond Yield plus 1/1000 th of 1 Percent	Y
Debt Service Stabilization Fund; PFC Account	30 days	Bond Yield plus 1/1000 th of 1 percentage point	N

* In the event that any Gross Proceeds are subject to a materially higher yield spread of the Bond Yield plus 1/8 of 1 percentage point and any other Gross Proceeds are subject to materially higher yield spread of the Bond Yield plus 1/1000 of 1 percentage point, then all of the Gross Proceeds are subject to a materially higher yield spread of the Bond Yield plus 1/1000 of one percent.

** Amounts in the Arbitrage Rebate Fund are subject to arbitrage rebate and yield restriction and rebate only to the extent that they constitute Proceeds of the Bonds. The City will consult with Bond Counsel if Proceeds of the Bonds are deposited into the Arbitrage Rebate Fund.

(2) **Debt Service Reserve Account.** The amounts in the Debt Service Reserve Fund may be invested without regard to yield restriction to the extent that such amount does not exceed the least of (i) 10 percent of the Issue Price of the Bonds (\$35,813,230.07), (ii) maximum annual principal of and interest on the Bonds (\$42,118,162.50) or (iii) 125 percent of the average annual principal of and interest on the Bonds (\$28,782,798.00) (the “**Reserve Limit**”). To the extent the amount in the Debt Service Reserve Fund exceeds the Reserve Limit, such excess will be invested at a yield not in excess of the Bond Yield either directly or by making the appropriate "yield reduction payments" if permitted under Treasury Regulation 1.148-5(c), or will be invested in bonds the interest on which is excludable from gross income under section 103 of the Code (other than “specified private activity bonds” within the meaning of Section 57(a)(5)(C) of the Code).

(3) **2007A Escrow Fund.** The Sale Proceeds of the 2007A Bonds on deposit in the 2007A Escrow Fund have been invested in SLGs at a yield not in excess of the Bond Yield. The City waives any applicable temporary period applicable to these

investments. Based upon calculations performed by 2007A Underwriter and the 2007B Underwriter, and verified in the Verification Report, the yield on the SLGs is not more than 4.2976 percent. See Exhibit H.

(4) 2007B Escrow Fund. The Sale Proceeds of the 2007B Bonds to be deposited into the 2007B Escrow Fund on the Forward Delivery Date are to be invested in the TNote, and are expected to satisfy the 6-month exception to the arbitrage rebate requirement described in Section 4. The TNote is being acquired by the City using a bidding procedure intended to comply with the requirements of Treasury Regulation Section 1.148-5(d)(6)(iii). See Exhibit E, which contains forms of bidding agent and provider certificates to be executed with respect to the purchase of the TNote on the Forward Delivery Date.

(5) Debt Service Stabilization Fund; PFC Account. Amounts on deposit in the Debt Service Stabilization Fund and the PFC Account must be allocated among the bonds secured thereby and may not be invested at a yield in excess of the yield on the related bonds.

(6) Temporary Period for Refunded Bonds and Refunded 1997B Bonds. The proceeds of the Refunded Bonds and the Refunded 1997B Bonds may not be invested at a yield in excess of the yield on the related issue of Refunded Bonds or Refunded 1997B Bonds, provided that Proceeds of such bonds on deposit in the 2007A Debt Service Reserve Sub-Account and the 2007B Debt Service Reserve Sub-Account may be invested without regard to yield prior to becoming Transferred Proceeds of the Bonds to the extent they do not exceed the Reserve Limit.

(7) Existing Investments. An allocable portion of the investments previously used for amounts deposited into the 2001A Debt Service Sub-Account and the 2002A Debt Service Sub-Account is being modified and transferred to the 2007A Debt Service Sub-Account. An allocable portion of the investment for the Proceeds on deposit in the 1997 Debt Service Reserve Sub-Account is being transferred to the 2007B Debt Service Reserve Sub-Account.

(k) Excess Gross Proceeds. All Gross Proceeds deposited into the 2007A Escrow Fund will be used to pay debt service on the Refunded Bonds except for the ending cash balance therein. In addition, except as described in subsections (a) through (f) hereof, there are no other amounts which constitute sale, investment or transferred proceeds of the Refunded Bonds, Sale Proceeds or Transferred Proceeds of the 2007A Bonds, or investment earnings on such Sale Proceeds or Transferred Proceeds. All Gross Proceeds (including Sale Proceeds, Investment Proceeds and Transferred Proceeds) of the 2007A Bonds allocable to the refunding of the Refunded Bonds will consist of Gross Proceeds allocable to (i) the payment of, interest, or call premium on the Refunded Bonds; (ii) interest on the 2007A Bonds that accrues for a period up to the completion date of any capital project for which the Refunded Bonds were issued, plus one year; (iii) a reasonably required reserve or replacement fund for the 2007A Bonds or investment proceeds of such a fund; (iv) the payment of costs of issuance of the 2007A Bonds; (v) the payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the 2007A Bonds, or investments of the Proceeds of the 2007A Bonds; (vi) Transferred

Proceeds that will be used or maintained for the governmental purpose of the Refunded Bonds; (vii) interest on Purpose Investments; (viii) Replacement Proceeds that will be used or maintained for the governmental purpose of the 2007A Bonds; and (ix) qualified guarantee fees for the 2007A Bonds or the Refunded Bonds. For purposes of this subsection (k), all unspent proceeds of the Refunded Bonds shall, as of the Delivery Date, be treated as Transferred Proceeds of the 2007A Bonds.

SECTION 4. REBATE REQUIREMENT, CALCULATIONS AND PAYMENT.

The City has covenanted to comply with the Rebate Requirement of Section 148(f) of the Code. The regulations promulgated thereunder are described in Appendix II. The regulations provide various spending exceptions to the Rebate Requirement which provides generally that if certain spenddown and other requirements are satisfied earnings on certain proceeds are excepted from the Rebate Requirement. The spending exceptions to the Rebate Requirement are described in Appendix V.

SECTION 5. ALLOCATION AND ACCOUNTING RULES. The City has covenanted to comply with this Tax Certificate which includes the allocation and accounting rules described in Appendix III for purposes of allocating Gross Proceeds to the Bonds, allocating Gross Proceeds to investments, and allocating Gross Proceeds to expenditures.

SECTION 6. PROHIBITED INVESTMENTS AND DISPOSITIONS. Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the fair market value of the Nonpurpose Investment as of the purchase or sale date. The fair market value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment. The City shall comply with the procedures with respect to compliance with these requirements contained in Appendix IV.

SECTION 7. NO FEDERAL GUARANTEE. The Bonds are not federally guaranteed within the meaning of section 149(b) of the Code. A bond will be federally guaranteed if (A) the payment of principal or interest with respect to such bond is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), (B) such bond is issued as part of an issue and 5 percent or more of the proceeds of such issue is to be (i) used in making loans the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), or (ii) invested (directly or indirectly) in federally insured deposits or accounts, or (C) the payment of principal or interest on such bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or an agency or instrumentality thereof). Notwithstanding the foregoing, the Issuer may invest the Proceeds of the Bonds in any investment guaranteed by the following agencies of the United States: (a) the Federal Housing Administration; (b) the Veterans Administration; (c) the Federal National Mortgage Association; (d) the Federal Home Loan Mortgage Corporation; and (e) the Government National Mortgage Association. Moreover, the Issuer may invest the Proceeds of the Bonds (a) during an initial temporary period until such proceeds are needed for the purpose for which the Bonds were issued; (b) in a bona fide debt service fund; (c) in a reasonably required reserve or replacement fund; (d) in obligations issued by the United States Treasury; (e)

in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by Section 511(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, or any successor provision; or (f) in a refunding escrow.

SECTION 8. 2007A BONDS—RESTRICTIONS ON NONGOVERNMENTAL USE.

(a) **Generally.** The 2007A Bonds are “state or local bonds” that are not “private activity bonds” under Section 103 of the Code. The City covenants that (a) no more than five percent or \$5 million in the aggregate of the Sale Proceeds of the 2007A Bonds will be used to make or finance loans (other than loans which enable the borrower to finance any governmental tax or assessment of general application for an essential governmental function or which are used to acquire or carry Nonpurpose Investments) to any person other than a governmental unit (“**Private Loans**”); (b) no more than the lesser of (i) 10 percent or (ii) \$15 million of the Sale Proceeds of the 2007A Bonds will be used in any trade or business carried on by any natural person or any activity carried on by anyone other than a natural person or a state or local governmental unit (a “**Private Business Use**”). In addition, no more than 5 percent of such proceeds shall be used for “unrelated” or “disproportionate related” Private Business Use. For purposes of this section, any use of the Non-AMT Project as a member of the general public shall be disregarded. The City covenants to obtain an opinion of Bond Counsel as to the continuing tax-exempt status of the interest on the 2007A Bonds in the event that the use of the 2007A Bond proceeds changes or is to be changed in a manner that would violate these restrictions.

The Proceeds of the Refunded Bonds were and will be used for improvements that relate to portions of the Airport that are not leased or otherwise used for a Private Business Use by any airline or other nongovernmental person. For example, no portion of the Proceeds of the 2007A Bonds will be used to finance improvements of portions of Airport terminals leased to nongovernmental persons.

The airfield improvements will not be used for a Private Business Use. With respect to the airfield improvements, those facilities will be available for take-off, landings, and other use by any operator of an aircraft desiring to use the airport, including general aviation operators who are natural persons not engaged in a trade or business. It is reasonably expected that most of the actual use of the runway will be by private air carriers in connection with the airport terminals leased by those carriers. These leases for the use of terminal space provide no priority rights or other preferential benefits to the air carriers for use of the runways and related improvements. Under the leases, the lease payments are determined without taking into account the revenues generated by runway landing fees (that is, the lease payments are not determined on a residual basis). Signatory Airlines currently pay fees for landings pursuant to a rate schedule different from that applicable to other airlines. These different rates are customary and reasonable and the City does not and will not limit the availability of these rates to Signatory Airlines. Any new use agreements with the airlines will contain similar provisions and will be submitted to Bond Counsel for a determination that such agreements will not adversely affect the exclusion from gross income of interest on the 2007A Bonds.

(b) **Rules of Application.** The rules described in paragraph (a) are referred to as the “**Private Activity Bond Limitations.**” The City will not permit any additional Private

Business Use or Private Loans with respect to the proceeds of the 2007A Bonds unless an opinion of Bond Counsel is obtained prior to such use or loans that the exclusion from gross income of interest on the Bonds will not be adversely affected by such use or loans. The Private Activity Bond Limitations are imposed individually against each issue of bonds without regard to the use of proceeds of any other issue of outstanding bonds. The City understands from discussions with Bond Counsel that in applying the Private Activity Bond Limitations it must take into account both its reasonable expectations as of the date hereof regarding the expected uses of the proceeds of the 2007A Bonds (and the facilities financed with such proceeds) throughout the stated term of the 2007A Bonds (that is, until the final stated maturity date) as well as any deliberate actions that may occur during the term of the 2007A Bonds (without regard to those reasonable expectations).

(c) **Private Business Use.** Any activity carried on by a person other than a natural person is treated as a trade or business. Both actual and beneficial use by a nongovernmental person may be treated as Private Business Use. In most cases, there is Private Business Use only if a nongovernmental person has special legal entitlements to use the financed property under an arrangement with the issuer. In general, a nongovernmental person is treated as a private business user of proceeds and financed property as a result of ownership; actual or beneficial use of property pursuant to a lease, or a management or incentive payment contract; or certain other arrangements such as a take or pay or other output-type contract. Use as a member of the general public is not Private Business Use. With respect to property that is not available for use by the general public, Private Business Use may be established on the basis of a "special economic benefit" to one or more nongovernmental persons, even if they have no special legal entitlements to use of the property. Appendix VII and VIII set forth guidelines for management or service contracts and certain other uses that will not constitute Private Business Use.

(d) **Measurement Period for Refunding Portion.** The average amount of Private Business Use of the Non-AMT Project from the issue dates of the Refunded Bonds until the Delivery Date does not exceed the limitation on Private Business Use described in Section 8(a) of this Tax Certificate.

SECTION 9. 2007B BONDS—COMPLIANCE WITH QUALIFIED PRIVATE ACTIVITY BOND REQUIREMENTS. The Proceeds of the 2007B Bonds will be used to refinance the Refunded 1997B Bonds, which were issued for improvements that relate to the terminal, concourse and other airline tenant improvements. Pursuant to the separate issue election made in Section 2(c) hereof, the 2007B Bonds is a separate issue of qualified private activity bonds under Section 142(a)(1) of the Code. The City covenants, warrants and represents that the following private activity bond requirements have been met with respect to the 2007B Bonds:

(a) **Average Maturity.** The weighted average maturity of the 2007B Bonds does not exceed 120% of the average reasonably expected economic life of the AMT Project.

(b) **Public Approval.** The issuance of the 1997B Bonds was approved by the Mayor of the City on September 10, 1997 following a public hearing on August 4, 1997, notification of which was published on July 20, 1997 in the St. Louis Post-Dispatch. Attached hereto as Exhibit I is a copy of the notice of public hearing required by Section 147(f) of the Code, and

Mayor's approval. The weighted average maturity of the 2007B Bonds (14.8321 years) is not later than the weighted average maturity of the Refunded 1997B Bonds (14.8639 years), and therefore, no approval with respect to the 2007B Bonds is required, as provided in Section 147(f)(2)(D) of the Code.

(c) **Prohibited Facilities.** The City will not use any of the Proceeds of 2007B Bonds to finance or refinance any airplane, skybox or other private luxury box, facility used for gambling, massage parlors, stadiums or store the principal business of which is the sale of alcoholic beverage for consumption off premises.

(d) **Qualified Costs.** At least ninety-five percent (95%) of the Net Proceeds of the 2007B Bonds will finance or refinance qualified costs constituting an exempt airport facility under Section 142(a)(1) of the Code.

(e) **Public Use.** The AMT Project is part of the Airport which serves or is available on a regular basis for general public use.

(f) **Functionally Related.** To the extent the AMT Project includes facilities that are functionally related and subordinate to the Airport, such facilities are of a character and size commensurate with the character and size of the Airport.

(g) **Office.** Any office financed or refinanced by the 2007B Bonds is located on the premises of the Airport and will be used exclusively for purposes directly related to the Airport's day-to-day operations.

(h) **Facility Restrictions.** The AMT Project does not include any of the following:

- (1) any lodging facility;
- (2) any retail facilities (including food and beverage facilities) if they are in excess of a size necessary to serve passengers and employees at the Airport;
- (3) any retail facilities (other than parking) for passengers or the general public (including rental car lots) located outside the terminal;
- (4) office buildings for individuals who are not employees of a governmental unit or of the operating authority for the Airport; and
- (5) industrial parks or manufacturing facilities.

(i) **Safe Harbor Leases.** The AMT Project is owned by the City and any lease or management contract of any portion of such projects will meet the following requirements.

- (1) the lessee will make an irrevocable election not to claim depreciation or investment tax credit with respect to such property;

(2) the lease term is no more than eighty percent (80%) of the reasonably expected economic useful life of the property used (determined in the same manner as under Section 147(b) of the Code); and

(3) there is no option to purchase at other than fair market value (as of the time the option is exercised).

(j) **Volume Cap.** No volume cap allocation is required for the 2007B Bonds under Section 146(g)(3) of the Code.

(k) **Land.** Less than 25% of the Net Proceeds of the 2007B Bonds was or will be used to finance or refinance the acquisition of land.

(l) **New Property.** No portion of the Proceeds of the 2007B Bonds will be used to finance or refinance the acquisition of an interest in any property unless the first use of such property was pursuant to such acquisition.

(m) **Costs of Issuance.** No more than two percent of the Sale Proceeds of the 2007B Bonds will be used to pay expenses incurred in connection with the issuance of the 2007B Bonds, including, but not limited to, underwriters' discount, bond counsel fees and printing costs.

SECTION 10. REFUNDING LIMITATIONS. The Refunded Bonds being advance refunded using Proceeds of the 2007A Bonds are entitled to be advance refunded under the restrictions imposed by section 149(d). The Refunded Bonds being advance refunded are being retired using the Proceeds of the 2007A Bonds and such amounts are sufficient to accomplish this refunding. The issuance of the 2007A Bonds will result in the City realizing present value debt service savings, and accordingly, the Refunded Bonds being advance refunded are being redeemed not later than the earliest date on which such Refunded Bonds may be redeemed.

The Refunded 1997B Bonds are being current refunded using Proceeds of the 2007B Bonds, which bonds are being issued within 90 days of the call date of the Refunded 1997B Bonds.

SECTION 11. INFORMATION REPORTING. The City has reviewed the Internal Revenue Service Form 8038-G to be filed in connection with the issuance of the 2007A Bonds, a copy of which is attached hereto as Exhibit B-1, and all of the information contained therein is, to the best of the City's knowledge, true and complete. The City has reviewed the Internal Revenue Service Form 8038 to be filed in connection with the issuance of the 2007B Bonds, a copy of which is attached hereto as Exhibit B-2, and all of the information contained therein is, to the best of the City's knowledge, true and complete.

SECTION 12. BONDS ISSUED IN REGISTERED FORM. In accordance with Section 149(a) of the Code, the Bonds are being issued in registered form.

SECTION 13. NOT POOLED FINANCING BONDS. No proceeds of the Bonds will be used to make or finance loans to 2 or more ultimate borrowers within the meaning of Section 149(f) of the Code.

SECTION 14. RECORD KEEPING. The City covenants to maintain records to support the representations, certifications and expectations set forth in this Tax Certificate until the date six (6) years after the last of the Bonds will be retired, and if any of the Bonds are refunded with the proceeds of tax-exempt obligations other than the Bonds ("**Refunding Obligations**"), the date six (6) years after the last of the Refunding Obligations will be retired. The records that must be retained include, but are not limited to:

- (a) Basic records and documents relating to the Bonds;
- (b) Documentation evidencing the expenditure of Bond proceeds;
- (c) Documentation evidencing the use of a project by public and private sources (i.e., copies of management contracts, research agreements, leases, etc.);
- (d) Documentation evidencing all sources of payment or security for the Bonds;
- (e) Documentation evidencing compliance with the timing and allocation of expenditures of Bond proceeds;
- (f) Documentation pertaining to any investment of Bond proceeds (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations);
- (g) Records of all amounts paid to the United States pursuant to Section 4 above.


SECTION 15. AMENDMENTS. This Tax Certificate has been executed pursuant to Section 6.05 of the Fourteenth Supplemental Indenture and Section 5.05 of the Fifteenth Supplemental Indenture wherein the City has covenanted to comply with the provisions of this Tax Certificate in order to maintain the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation. This Tax Certificate sets forth the information, representations, and procedures necessary in order for Bond Counsel to render its opinion regarding the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation and may be amended or supplemented from time to time to maintain such exclusion only with the approval of Bond Counsel.

Notwithstanding any other provision herein, the covenants and obligations contained herein may be and shall be deemed modified to the extent the City secures an opinion of Bond Counsel that any action required hereunder is no longer required or that some further action is required in order to maintain the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation.

SECTION 16. SUPPLEMENTATION OF THIS CERTIFICATE. The City understands the need to supplement this Tax Certificate periodically to reflect further developments in the Federal income tax laws governing the exclusion from Federal gross income of interest on the Bonds and will, periodically, seek the advice of its Bond Counsel as to the propriety of seeking the review of and supplements to this Tax Certificate from Bond Counsel.

Dated: January 23, 2007

THE CITY OF ST. LOUIS, MISSOURI

By: 
Darlene Green
Comptroller

Confidential
garvinm@stlouis-mo.gov
2020-01-16 13:59:27 +0000

Exhibit A-1

Initial Issue Price Certificate—2007A Bonds

January 23, 2007

The City of St. Louis
St. Louis, Missouri

Hardwick Law Firm, LLC
Kansas City, Missouri

Nixon Peabody LLP
New York, New York

Re: \$231,275,000 The City of St. Louis, Missouri, Airport Revenue Refunding Bonds,
Series 2007A (Non-AMT) (Lambert-St. Louis International Airport)

Gentlemen and Ladies:

We have served as representative of the underwriters (the "**Underwriter**") in connection with the issuance by The City of St. Louis, Missouri (the "**Issuer**") of its \$231,275,000 Airport Revenue Refunding Bonds, Series 2007A (Non-AMT) (Lambert-St. Louis International Airport) (the "**Bonds**").

We hereby certify that:

a. Based on our records and other information available to us which we have no reason to believe is not correct, all of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices no higher than, or yields no lower than, those shown on the inside cover of the Official Statement of the Issuer dated January 10, 2007, as supplemented on January 22, 2007, relating to the Bonds (the "**Official Statement**").

b. Based on our records and other information available to us which we have no reason to believe is not correct, at least 10 percent of each maturity of the Bonds was first sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices no higher than, or yields no lower than, those shown on the inside cover of the Official Statement.

c. At the time we agreed to purchase the Bonds, based upon then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices higher than the prices, or yields no lower than, those shown on the inside cover of the Official Statement.

d. The prices at which the Bonds were sold did not exceed the fair market value of the Bonds on the sale date of the Bonds.

e. The issue price of the Bonds is \$247,072,801.40.

f. In connection with the issuance of the Bonds, a premium (the "**Insurance Premium**") is being paid to Financial Security Assurance, Inc. (the "**Insurer**") for a policy of municipal bond insurance for the Bonds (the "**Bond Insurance**") and a surety bond policy for the 2007A Debt Service Reserve Sub-Account (the "**Surety Bond**" and together with the Bond Insurance, the "**Policy**"). Based on that information and the Underwriter's knowledge and experience and, as to (2) below, based on an estimate by the Underwriter of the yields at which such obligations would have sold in the absence of the Policy: (1) the aggregate premium paid for the Policy does not exceed a reasonable charge for the transfer of credit risk, taking into account charges by bond insurers in similar transactions with which the Underwriter is familiar; and (2) the present value of the premiums paid for the Policy is less than the present value of the interest reasonably expected to be saved on the Bonds as a result of the Policy, for which purpose present value is computed by using the yield-to-maturity on the Bonds (taking into account the premiums paid for the Policy) as the discount rate.

g. In the opinion of the Underwriter, based on its knowledge of the financial markets, the establishment and continued existence of the 2007A Debt Service Reserve Sub-Account (as provided in the Indenture securing the Bonds) was and is a vital and necessary factor in obtaining the Bond Insurance and the Bond Insurance was a vital and necessary factor in the marketing of the Bonds to the public at the yields and terms that the Bonds were sold.

We understand that Hardwick Law Firm, LLC and Nixon Peabody LLP may rely upon this certification, among other things, in providing an opinion that interest on the Bonds is excluded from gross income for Federal income tax purposes.

LEHMAN BROTHERS

By: 

Name: C

Title: MANAGING DIRECTOR

Exhibit A-2

Initial Issue Price Certificate—2007B Bonds

January 23, 2007

The City of St. Louis
St. Louis, Missouri

Hardwick Law Firm, LLC
Kansas City, Missouri

Nixon Peabody LLP
New York, New York

Re: \$104,735,000 The City of St. Louis, Missouri, Airport Revenue Refunding Bonds,
Series 2007B (AMT) (Lambert-St. Louis International Airport)

Gentlemen and Ladies:

We have served as representative of the underwriters (the **"Underwriter"**) in connection with the issuance by The City of St. Louis, Missouri (the **"Issuer"**) of its \$104,735,000 Airport Revenue Refunding Bonds, Series 2007B (AMT) (Lambert-St. Louis International Airport) (the **"Bonds"**).

We hereby certify that:

a. Based on our records and other information available to us which we have no reason to believe is not correct, all of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices no higher than, or yields no lower than, those shown on the inside cover of the Official Statement of the Issuer dated January 10, 2007 relating to the Bonds (the **"Official Statement"**).

b. Based on our records and other information available to us which we have no reason to believe is not correct, at least 10 percent of each maturity of the Bonds was first sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices no higher than, or yields no lower than, those shown on the inside cover of the Official Statement.

c. At the time we agreed to purchase the Bonds, based upon then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of

underwriters or wholesalers) at prices higher than the prices, or yields no lower than, those shown on the inside cover of the Official Statement.

d. The prices at which the Bonds were sold did not exceed the fair market value of the Bonds on the sale date of the Bonds.

e. The issue price of the Bonds is \$111,059,499.30.

f. In connection with the issuance of the Bonds, a premium (the "**Insurance Premium**") is being paid to Financial Security Assurance, Inc. (the "**Insurer**") for a policy of municipal bond insurance for the Bonds (the "**Bond Insurance**") and a surety bond policy for the 2007B Debt Service Reserve Sub-Account (the "**Surety Bond**") and together with the Bond Insurance, the "**Policy**"). Based on that information and the Underwriter's knowledge and experience and, as to (2) below, based on an estimate by the Underwriter of the yields at which such obligations would have sold in the absence of the Policy: (1) the aggregate premium paid for the Policy does not exceed a reasonable charge for the transfer of credit risk, taking into account charges by bond insurers in similar transactions with which the Underwriter is familiar; and (2) the present value of the premiums paid for the Policy is less than the present value of the interest reasonably expected to be saved on the Bonds as a result of the Policy, for which purpose present value is computed by using the yield-to-maturity on the Bonds (taking into account the premiums paid for the Policy) as the discount rate.

g. In the opinion of the Underwriter, based on its knowledge of the financial markets, the establishment and continued existence of the 2007B Debt Service Reserve Sub-Account (as provided in the Indenture securing the Bonds) was and is a vital and necessary factor in obtaining the Bond Insurance and the Bond Insurance was a vital and necessary factor in the marketing of the Bonds to the public at the yields and terms that the Bonds were sold.

We understand that Hardwick Law Firm, LLC and Nixon Peabody LLP may rely upon this certification, among other things, in providing an opinion that interest on the Bonds is excluded from gross income for Federal income tax purposes.

MERRILL LYNCH & CO.

By: 

Name:

Title:

Exhibit B-1

Form 8038-G-2007A Bonds

Confidential
garvinm@stlouis-mo.gov
2020-01-16 13:59:27 +0000

Form **8038-G**

(Rev. November 2000)

Department of the Treasury
Internal Revenue Service**Information Return for Tax-Exempt Governmental Obligations**

Under Internal Revenue Code section 149(e)

See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I**Reporting Authority**If Amended Return, check here ☐**1** Issuer's name

The City of St. Louis, Missouri

2 Issuer's employer identification number

43 6003231

3 Number and street (or P.O. box if mail is not delivered to street address)
1200 Market Street

Room/suite

4 Report number

3 01

5 City, town, or post office, state, and ZIP code

St. Louis, Missouri 63103

6 Date of issue

January 23, 2007

7 Name of issue

Airport Revenue Refunding Bonds, Series 2007A (Non-AMT) (Lambert-St. Louis International Airport)

8 CUSIP number

791638XW4

9 Name and title of officer or legal representative whom the IRS may call for more information

Ivy Neyland-Pinkston, Deputy Comptroller

10 Telephone number of officer or legal representative

(314) 622-4967

Part II**Type of Issue (check applicable box(es) and enter the issue price)** See instructions and attach schedule**11** Education**12** Health and hospital**13** ☒ Transportation**14** Public Safety**15** Environment (including sewage bonds)**16** Housing**17** Utilities**18** Other, Describe ☐**19** If obligations are TANs or RANs, check box ☐If obligations are BANs, check box ☐**20** If obligations are in the form of a lease or installment sale, check box ☐**Part III****Description of Obligations. Complete for the entire issue for which this form is being filed.**

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/32	\$247,072,801.40	\$231,275,000.00	15.1895 years	4.2980%

Part IV**Uses of Proceeds of Bond Issue (including underwriters' discount)**

22 Proceeds used for accrued interest	22	0.00
23 Issue price of entire issue (enter amount from line 21, column (b))	23	\$247,072,801.40
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	\$2,580,043.66
25 Proceeds used for credit enhancement	25	\$2,559,967.54
26 Proceeds allocated to reasonably required reserve or replacement fund	26	\$0.00
27 Proceeds used to currently refund prior issues	27	\$0.00
28 Proceeds used to advance refund prior issues	28	\$241,932,790.20
29 Total (add lines 24 through 28)	29	\$247,072,801.40
30 No refunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	\$0.00

Part V**Description of Refunded Bonds (Complete this part only for refunding bonds.)**

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	n/a Years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	15.0492 Years
33 Enter the last date on which the refunded bonds will be called	07/01/12
34 Enter the date(s) the refunded bonds were issued	05/15/01, 12/19/02

Part VI**Miscellaneous**

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	\$0.00
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	See attachment
b Enter the final maturity date of the guaranteed investment contract	See attachment	
37 Pooled financings: a Proceeds of this issue are to be used to make loans to other governmental units	37a	0.00
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer <input type="checkbox"/> and the date of the issue <input type="checkbox"/>		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>		
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
40 If the issuer has identified a hedge, check box <input type="checkbox"/>		

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.



January 23, 2007

Signature of issuer's authorized representative

Date

Darlene Green, Comptroller

Type or print name and title

**The City of St. Louis, Missouri
Airport Revenue Refunding Bonds, Series 2007A (Non-AMT) (Lambert-St. Louis
International Airport)
Attachment to Form 8038-G**

Line 36a

Debt Service Account—varies.

Line 36b

Debt Service Account—07/01/32.

Confidential
garvinm@stlouis-mo.gov
2020-01-16 13:59:27 +0000

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Sent To
Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

PS Form 3800, January 2001 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

2. Article Number
(Transfer from service label)

7002 0460 0001 2745 5368

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15

City of St. Louis, 2007A 070434/18

COMPLETE THIS SECTION ON DELIVERY

A. Signature	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery
D. Is delivery restricted to addressee only? If YES, enter delivery address below	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

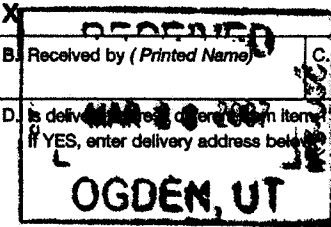


Exhibit B-2

Form 8038-2007B Bonds

Attached is a form of the Form 8038 to be executed with respect to the 2007B Bonds on the Forward Delivery Date.

Confidential
garvinm@stlouis-mo.gov
2020-01-16 13:59:27 +0000

Form **8038**(Rev. January 2002)
Department of the Treasury
Internal Revenue Service**Information Return for Tax-Exempt
Private Activity Bond Issues**(Under Internal Revenue Code section 149(e))
▶ See separate instructions.

OMB No. 1545-0720

Part I Reporting Authority

Check if Amended Return, check here ▶

1 Issuer's name The City of St. Louis, Missouri		2 Issuer's employer identification number 43 6003231
3 Number and street (or P.O. box if mail is not delivered to street address) 1200 Market Street	Room/suite	4 Report number 1 01
5 City, town, or post office, state, and ZIP code St. Louis, Missouri 63103		6 Date of issue April 3, 2007
7 Name of issue Airport Revenue Refunding Bonds, Series 2007B (AMT)(St. Louis-Lambert International Airport)		8 CUSIP number 791638WC8
9 Name and title of officer or legal representative whom the IRS may call for more information Ivy Neyland-Pinkston, Deputy Comptroller		10 Telephone number of officer or legal representative (314) 622-4967

Part II Type of Issue (check applicable box(es) and enter the issue price)

Issue Price

11 Exempt facility bond:		11a	\$111,059,499.30
a x	Airport (sections 142(a)(1) and 142(c))	11b	
b	Docks and wharves (sections 142(a)(2) and 142(c))	11c	
c	Water furnishing facilities (sections 142(a)(4) and 142(e))	11d	
d	Sewage facilities (section 142(a)(5))	11e	
e	Solid waste disposal facilities (section 142(a)(6))	11f	
f	Qualified residential rental projects (section 142(a)(7) and 142(d)), as follows:		
	Meeting 20-50 test (section 142(d)(1)(A))		
	Meeting 40-60 test (section 142(d)(1)(B))		
	Meeting 25-60 test (NYC only) (section 142(d)(6))		
	Has an election been made for deep rent skewing (section 142(d)(4)(B))? Yes No		
g	Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f))	11g	
h	Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions)	11h	
	Facility type		
	1986 Act section		
i	Qualified enterprise zone facility bonds (section 1394) (see instructions)	11i	
j	Qualified empowerment zone facility bonds (section 1394(f)) (see instructions)	11j	
k	District of Columbia Enterprise Zone facility bonds (section 1400A) (see instructions)	11k	
l	Qualified public educational facility bonds (sections 142(a)(13) and 142(k))	11l	
m	Other. Describe (see instructions) ▶	11m	
12	Qualified mortgage bond (section 143(a))	12	
13	Qualified veterans' mortgage bond (section 143(b)) ▶	13	
	Check the box if you elect to rebate arbitrage profits to the United States		
14	Qualified small issue bond (section 144(a)) (see instructions) ▶	14	
	Check the box for \$10 million small issue exemption		
15	Qualified student loan bond (section 144(b))	15	
16	Qualified redevelopment bond (section 144(c))	16	
17	Qualified hospital bond (section 145(c)) (attach schedule—see instructions)	17	
18	Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule—see instructions)	18	
	Check box if 95% or more of net proceeds will be used only for capital expenditures ▶		
19	Nongovernmental output property bond (treated as private activity bond) (section 141(d))	19	
20	Other. Describe (see instructions) ▶	20	

Part III Description of Bonds. (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/27	\$111,059,499.30	\$104,735,000.00	14.8321 years	4.2980%

For Paperwork Reduction Act Notice, see page 4 of the separate instructions.

Cat. No. 49973K

Form 8083 (Rev. 1-2002)

Part IV Uses of Proceeds of Issue (including underwriters' discount)		Amount
22	Proceeds used for accrued interest	22 \$0.00
23	Issue price of entire issue (enter amount from line 21, column (b))	23 \$111,059,499.30
24	Proceeds used for bond issuance costs (including underwriters' discount)	24 \$1,215,061.19
25	Proceeds used for credit enhancement	25 \$1,078,680.49
26	Proceeds allocated to reasonably required reserve or replacement fund	26 \$0.00
27	Proceeds used to currently refund prior issues (complete Part VI)	27 \$108,765,757.62
28	Proceeds used to advance refund prior issues (complete Part VI)	28 \$0.00
29	Add lines 24 through 28	29 \$111,059,499.30
30	No refunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 \$0.00

Part V Description of Property Financed by Nonrefunding Proceeds
Caution: The total of line 31a through e below must equal line 30 above. Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.

31 Type of Property Financed by Nonrefunding Proceeds:		Amount
a	Land	31a
b	Building and structures	31b
c	Equipment with recovery period of more than 5 years	31c
d	Equipment with recovery period of 5 years or less	31d
e	Other (describe)	31e

32 North American Industry Classification System (NAICS) of the projects financed by nonrefunding proceeds.

NAICS Code	Amount of nonrefunding proceeds	NAICS Code	Amount of nonrefunding proceeds
a	\$	c	\$
b	\$	d	\$

Part VI Description of Refunded Bonds (Complete this part only for refunding bonds.)

33	Enter the remaining weighted average maturity of the bonds to be currently refunded	14.8639 Years
34	Enter the remaining weighted average maturity of the bonds to be advance refunded	Years
35	Enter the last date on which the refunded bonds will be called	07/01/07
36	Enter the date(s) the refunded bonds were issued	09/10/97

Part VII Miscellaneous

37 Name of governmental unit(s) approving issue (see the instructions) ▶ No approval needed—section 147(f)(2)(D)

38 Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III) ▶

39 Check the box if you have elected to pay a penalty in lieu of arbitrage rebate ▶

40 Check the box if you have identified a hedge (see instructions) ▶

41 Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds and provide name and EIN of the primary private user ▶

Name ▶ EIN ▶

Part VIII Volume Caps

		Amount
42	Amount of state volume cap allocated to the issuer. Attach a copy of state certification	42 \$0.00
43	Amount of issue subject to the unified state volume cap	43 \$0.00
44	Amount of issue not subject to the unified state volume cap or other volume limitations:	44 \$111,059,499.30
a	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	44a \$111,059,499.30
b	Under a carryforward election. Attach a copy of Form 8328 to this return	44b \$0.00
c	Under transitional rules of the Tax Reform Act of 1986. Enter Act section ▶	44c \$0.00
d	Under the exception for current refunding (section 146(i) and section 1313(a) of the Tax Reform Act of 1986)	44d \$0.00
45a	Amount of issue of qualified veterans' mortgage bonds	45a \$0.00
b	Enter the state limit on qualified veterans' mortgage bonds	45b \$0.00
46a	Amount of section 1394(f) volume cap allocated to issuer. Attach copy of local government certification	46a \$0.00
b	Name of empowerment zone ▶	
47	Amount of section 142(k)(5) volume cap allocated to issuer. Attach copy of state certification.	47 \$0.00

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of officer ▶ Darlene Green ▶

Darlene Green

Name of above officer (type or print)

April 3, 2007

Date

Comptroller

Title of officer (type or print)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

2. Article Number
(Transfer from service label)

7006 2150 0003 2611 1948

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-44-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X

B. Received by

C. Date of Delivery

D. Is delivery address different from item 1?
If YES, enter delivery address below

OGDEN, UT

3. Service Type

☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal ServiceTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at <http://usps.com>

NEW YORK NY 10011
MAY 3 2007
GRAND CENTRAL STATION
Postage
Certified Fee
Return Receipt Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)
Total Postage & Fees

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Sent To
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4[®]

PS Form 3800, August 2006
See Reverse for Instructions

8461 1192 0000 0512 9002

Exhibit C-1

Insurer's Certificate-2007A Bonds

Confidential
garvinm@stlouis-mo.gov
2020-01-16 13:59:27 +0000

**DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
FINANCIAL SECURITY ASSURANCE INC.**

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 208004-N (the "Insurance Policy") and Policy No. 208004-R (the "Reserve Policy" and collectively with the Insurance Policy, the "Policy") in respect of the \$231,275,000 in aggregate principal amount of the The City of St. Louis, Missouri Airport Revenue Refunding Bonds, Series 2007A (Lambert-St. Louis International Airport) (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE – Bond Insurer Information" in the official statement dated January 10, 2007, relating to the Bonds is true and correct,
- (ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) each of the insurance premium for the Insurance Policy of \$2,217,765.42 and for the Reserve Policy of \$342,202.12 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (viii) Financial Security does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) Financial Security would not have issued the Insurance Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: _____

Authorized Officer

Dated: January 23, 2007

Exhibit C-2

Insurer's Certificate—2007B Bonds

Attached is a form of the Insurer's Certificate to be executed with respect to the 2007B Bonds on the Forward Delivery Date.

Confidential
garvinm@stlouis-mo.gov
2020-01-16 13:59:27 +0000

**DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
FINANCIAL SECURITY ASSURANCE INC.**

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 208339-N (the "Insurance Policy") and Policy No. 208339-R (the "Reserve Policy" and collectively with the Insurance Policy, the "Policy") in respect of the \$104,735,000 in aggregate principal amount of the The City of St. Louis, Missouri Airport Revenue Refunding Bonds, Series 2007B (AMT) (Lambert-St. Louis International Airport) (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE – Bond Insurer Information" in the official statement dated January 10, 2007, relating to the Bonds is true and correct,
- (ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) each of the insurance premium for the Insurance Policy of \$1,003,925.14 and for the Reserve Policy of \$74,755.35 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (viii) Financial Security does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) Financial Security would not have issued the Insurance Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: 
Authorized Officer

Dated: April 3, 2007

Exhibit D

Form of City's Supplemental Tax Certificate

In connection with the issuance by The City of St. Louis, Missouri (the "City") of its \$104,735,000 Airport Revenue Refunding Bonds, Series 2007B (AMT) (Lambert-St. Louis International Airport) (the "2007B Bonds") and in furtherance of the covenants of the City contained in Section 5.05 of the Fifteenth Supplemental Indenture of Trust between the City and the Trustee, dated as of January 1, 2007 (the "Fifteenth Supplemental Indenture"), which amends and supplements the Amended and Restated Indenture of Trust dated as of October 15, 1984 and amended and restated as of September 10, 1997, between the City and UMB Bank, N.A., as trustee, as amended and supplemented (the "Restated Indenture" and together with the Fifteenth Supplemental Indenture, the "Indenture"), and pursuant to Treas. Reg. §1.148-2(b)(2), the City makes and enters into the following Supplemental Tax Certificate (the "Supplemental Tax Certificate").

SECTION 1. DEFINITIONS. Capitalized terms, if not defined herein shall have the meanings set forth in the City's Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated January 23, 2007 (the "Tax Certificate").

SECTION 2. REPRESENTATIONS.

(a) **Purpose.** The 2007B Bonds are being issued on the date hereof (the "Forward Delivery Date") to: (1) current refund a portion of the City's Airport Revenue Bonds, Series 1997B (1997 Capital Improvement Program) Lambert-St. Louis International Airport (AMT) (the "Refunded 1997B Bonds"), and (2) to pay the bond insurance and surety premiums for the Bonds and to pay the costs of issuance of the 2007B Bonds.

(b) **Single Issue.** The 2007B Bonds are part of a single issue with the City's \$231,275,000 Airport Revenue Refunding Bonds Series, 2007A (Non-AMT) (Lambert-St. Louis International Airport) (the "2007A Bonds" and together with the 2007B Bonds, the "Bonds") because all of the Bonds: (a) were sold at substantially the same time (*i.e.*, within 15 days); (b) were sold pursuant to the same plan of financing; and (c) are reasonably expected to be paid from substantially the same source of funds, determined without regard to guarantees from unrelated parties.

(c) **Statement as to Facts, Estimates and Circumstances.** The facts and estimates set forth in this Supplemental Tax Certificate on which the City's expectations as to the amount and use of the Gross Proceeds of the Bonds are based are made to the best of the knowledge and belief of the undersigned officer of the City, and the City's expectations are reasonable.

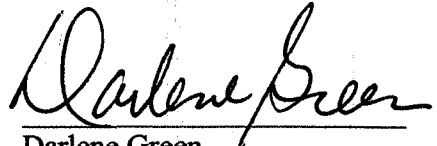
(d) **Responsible Person.** The undersigned is an officer of the City responsible for the issuance of the Bonds, and has made due inquiry with respect to and is fully informed as to the matters set forth herein.

(e) **Tax Certificate.** The undersigned has, on the date hereof, reviewed the Tax Certificate executed by the City on the Delivery Date. Nothing has come to the attention to the City indicating that the facts and estimates stated in the Tax Certificate to establish the City's expectations regarding the amount and use of the Gross Proceeds of the Bonds are

inaccurate or incorrect. The City hereby restates and reaffirms all facts, estimates and expectations contained in the Tax Certificate as of the date hereof.

Dated: April 3, 2007

THE CITY OF ST. LOUIS, MISSOURI

By: 
Darlene Green
Comptroller

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Exhibit E-1

Form of TNote Bidding Agent Certificate

April 3, 2007

The City of St. Louis
St. Louis, Missouri

Hardwick Law Firm, LLC
Kansas City, Missouri

Nixon Peabody LLP
New York, New York

Re: \$104,735,000 City of St. Louis, Missouri, Airport Revenue Refunding
Bonds, Series 2007B (AMT)

Ladies and Gentlemen:

In connection with the purchase of investments with the proceeds of the above-referenced bonds (the "**Bonds**"), we acted as bidding agent for The City of St. Louis, Missouri (the "**Issuer**"). On behalf of the Issuer we certify that:

1. We made a bona fide solicitation for an investment of Bond proceeds to defease certain outstanding bonds of the Issuer (the "**Investment**") to at least 3 different reasonably competitive providers (*i.e.*, providers with established industry reputations as competitive providers of the type of investments being purchased). Other than Lehman Brothers, none of the potential providers have any material financial interest in the transaction (*e.g.*, providers other than lead underwriters for the Bonds during the period ending 15 days after the issue date of the Bonds, financial advisors for the Bonds or related persons).

2. We received at least three bids in response to this bona fide solicitation, all of which were from a reasonably competitive provider as described above. All of the bids were bona fide bids and other than Lehman Brothers, were from parties with no material financial interest in the transaction. The winning bid was the bid of Lehman Brothers, the highest-yielding qualifying bid (net of any broker's fees).

3. The terms of the bid solicitation were in writing and included all material terms, including the reasonably expected investment and drawdown schedule of the funds to be invested. Each bidder was provided with the bid specifications on a timely basis.

4. The terms of the bid solicitation included a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider had or has with any other person, and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying of Treasury Regulation Section 1.148-

5(d)(6)(iii)(B)(1) or (2). Nothing has come to our attention to indicate that these representations were not true.

5. The terms of the bid specification were commercially reasonable (*i.e.*, there is a legitimate governmental purpose for each of the terms of the specification other than to reduce the yield on the Agreement).

6. All potential providers were afforded an equal opportunity to bid (*e.g.*, no provider was given a "last look").

7. Administrative costs have been or will be paid to us in connection with the bidding of and investment in the Investment in an amount equal to: \$33,000.00.

8. We did not submit a bid to provide the Agreement.

9. We have provided you with the following information: (i) for each bid received, the name of the person and entity submitting the bid, the time and the date of the bid, and the bid results, (iii) the bid solicitation form. Copies of this information is attached to this certificate.

We understand that the Hardwick Law Firm, LLC and Nixon Peabody LLP may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended.

**COLUMBIA CAPITAL MANAGEMENT,
LLC**

By: 

Name: Randy S. McPhail

Title: SENIOR VICE PRESIDENT

Certificate of Escrow Provider

Lehman Brothers Inc. (the "Provider") hereby certifies as follows in connection with the delivery of certain escrow securities (the "Escrow Securities") by the Provider in connection with the defeasance by the City of St. Louis, Missouri (the "Issuer") of its Airport Revenue Refunding Bonds, Series 2007B (the "Bonds"):

1. The Provider was not afforded any opportunity to review offers from other potential providers to provide the Securities.
2. The Provider did not consult with any other potential provider with respect to the Provider's offer to provide the Securities.
3. The Provider received the bid specifications in sufficient time to formulate and submit its bid.
4. The bid terms were commercially reasonable in that there were legitimate business purposes for the terms other than to increase the purchase price or reduce the yield.
5. The Provider's offer was determined without regard to any other formal or informal agreement or arrangement that the Provider may have with the Issuer or any other person.
6. The Provider's offer was not submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the bidding requirements of the Treasury Regulations.
7. The Provider has not and does not expect to pay any administrative costs (including costs or expenses paid directly or indirectly to purchase, sell, carry or retire investments) to or for the benefit of the Issuer, or any other person known to the Provider to be involved in the issuance of the Bonds other than as follows: \$33,000 to be paid to Columbia Capital Management, LLC.

The Issuer, the Hardwick Law Firm, LLC and Nixon Peabody LLP may rely on the foregoing certifications for purposes of determining compliance with the requirements of the Internal Revenue Code of 1986 pertaining to the Bonds, including Sections 148 and 149(d) thereof.

Dated: March 29, 2007

LEHMAN BROTHER INC.

By


Senior Vice President

Exhibit F

Final Pricing Numbers

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City of St. Louis, Missouri
Lambert-St. Louis International Airport
Airport Revenue Refunding Bonds, Series 2007A & Series 2007B

Costs of Issuance

Series Allocation	69.0%	31.0%	
Par	231,275,000	104,735,000	358,132,301
Proceeds	15,797,801	6,324,499	
	Series 2007A	Series 2007B	Total
Co-Bond Counsel			
Nixon Peabody LLP	258,709.70	116,290.30	375,000.00
Hardwick Law Firm LLC	93,135.49	41,864.51	135,000.00
Special Counsel			
Armstrong Teasdale	110,382.81	49,617.19	160,000.00
Financial Advisor			
Siebert Brandford Shank	224,215.07	100,784.93	325,000.00
Gardner, Underwood & Bacon	89,686.03	40,313.97	130,000.00
Treasurer's Advisor			
Columbia Capital	15,000.00	15,000.00	30,000.00
Feasibility Consultant			
Unison Maximus	23,456.35	10,543.65	34,000.00
Verification Agent	3,449.46	1,550.54	5,000.00
Issuer Travel	2,414.62	1,085.38	3,500.00
Trustee			
UMB Bank	4,000.00	4,000.00	8,000.00
Rating Agencies			
Moody's	53,811.62	24,188.38	78,000.00
Fitch	48,292.48	21,707.52	70,000.00
S&P	55,191.40	24,808.60	80,000.00
Printer	6,000.00	6,000.00	12,000.00
Miscellaneous	8,750.00	8,750.00	17,500.00
Miscellaneous	7,500.00	7,500.00	15,000.00
			Total
Total	\$1,003,995.03	\$474,004.97	\$1,478,000.00
Total Allocated per % of proceeds	\$971,495.03	\$441,504.97	\$1,413,000.00
Total Split 50/50	32,500.00	32,500.00	\$65,000.00
TOTAL	\$1,003,995.03	\$474,004.97	\$1,478,000.00

City of St. Louis, Missouri
Lambert-St. Louis International Airport
Airport Revenue Refunding Bonds, Series 2007A & Series 2007B

To Be Included in Gross Spread:

Co-Underwriters Counsel--2007A

Orrick, Herington & Sutcliffe	88,000.00	N/A	88,000.00
Saulsberry & Assoc.	58,500.00	N/A	58,500.00
			<u>\$146,500.00</u>

Co-Underwriters Counsel--2007B

Gallop, Johnson, Neuman	N/A	45,000.00	45,000.00
White Coleman	N/A	40,000.00	40,000.00
			<u>85,000.00</u>

Total Underwriter's Counsel Fee: \$231,500.00

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The City of St. Louis, Missouri
Airport Revenue Refunding
Series 2007A (Non-AMT) and Series 2007B (AMT)
Lambert-St. Louis International Airport

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SOURCES AND USES OF FUNDS

The City of St. Louis, Missouri Airport Revenue Refunding Series 2007A (Non-AMT) and Series 2007B (AMT) Lambert-St. Louis International Airport

Sources:

Bond Proceeds, 01/23/2007:	
Par Amount	231,275,000.00
Net Premium	15,797,801.40
	<u>247,072,801.40</u>
Bond Proceeds, 04/03/2007:	
Par Amount	104,735,000.00
Net Premium	6,324,499.30
	<u>111,059,499.30</u>
Other Sources of Funds, 01/23/2007:	
Debt Service Funds on Hand	996,986.56
2002A DSRF Transfer	4,604,681.00
	<u>5,601,667.56</u>
Other Sources of Funds, 04/03/2007:	
Debt Service Funds on Hand	1,393,218.75
DSRF Transfer	7,783,490.00
	<u>9,176,708.75</u>
	<u>372,910,677.01</u>

Uses:

Refunding Escrow Deposits, 01/23/2007:	
Cash Deposit	6.20
SLG Purchases	241,932,784.00
	<u>241,932,790.20</u>
Refunding Escrow Deposits, 04/03/2007:	
Cash Deposit	730.65
Open Market Purchases	108,765,026.97
	<u>108,765,757.62</u>
Other Fund Deposits, 01/23/2007:	
Debt Service Reserve Fund - Cash Transfer	4,604,681.00
Other Fund Deposits, 04/03/2007:	
Debt Service Reserve Fund - Cash Transfer	7,783,490.00
Delivery Date Expenses, 01/23/2007:	
Cost of Issuance	1,003,995.03
Underwriter's Discount	1,573,912.31
Bond Insurance @ 55 bps	2,217,765.42
Surety Expense @ 2.25%	342,202.12
	<u>5,137,874.88</u>
Delivery Date Expenses, 04/03/2007:	
Cost of Issuance	474,004.97
Underwriter's Discount	737,299.14
Bond Insurance @ 55 bps	1,003,925.14
Surety Expense @ 2.25%	74,755.35
	<u>2,289,984.60</u>

SOURCES AND USES OF FUNDS

The City of St. Louis, Missouri
Airport Revenue Refunding
Series 2007A (Non-AMT) and Series 2007B (AMT)
Lambert-St. Louis International Airport

Uses:

Other Uses of Funds, 01/23/2007:	
Deposit to 2007A DS Fund	996,986.56
Additional Proceeds	<u>2,136.32</u>
	999,122.88
Other Uses of Funds, 04/03/2007:	
Deposit to 2007B DS Fund	1,393,218.75
Additional Proceeds	<u>3,757.08</u>
	1,396,975.83
	<u>372,910,677.01</u>

SUMMARY OF FINANCING RESULTS

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007A (Non-AMT) and Series 2007B (AMT)
 Lambert-St. Louis International Airport

Series	Bond Par	Bond Yield	Contingency	Escrow Yield	Negative Arbitrage	Net Savings
Airport Revenue Refunding	20,825,000.00	4.138%	2,846.68	4.298%	359.55	621,557.85
Airport Revenue Refunding	39,405,000.00	4.221%	-2,092.78	4.297%	1,026.26	1,403,471.44
Airport Revenue Refunding	114,470,000.00	4.215%	846.72	4.297%	3,076.47	3,783,787.88
Airport Revenue Refunding	56,575,000.00	4.406%	535.70	4.298%	-37.77	1,428,565.39
Airport Revenue Refunding	104,735,000.00	4.380%	3,757.08			5,755,293.36
	336,010,000.00		5,893.40		4,424.51	12,992,675.92

Aggregate:

Arbitrage Yield 4.298015%
 Escrow Yield 4.297571%

BOND SUMMARY STATISTICS

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007A (Non-AMT) and Series 2007B (AMT)
 Lambert-St. Louis International Airport

Earliest Dated Date	01/23/2007
Earliest Delivery Date	01/23/2007
Last Maturity	07/01/2032
Arbitrage Yield	4.298015%
True Interest Cost (TIC)	4.473227%
Net Interest Cost (NIC)	4.508135%
All-In TIC	4.513378%
Average Coupon	4.896543%
Average Life (years)	15.180
Par Amount	336,010,000.00
Bond Proceeds	358,132,300.70
Total Interest	249,751,920.21
Net Interest	229,940,830.96
Total Debt Service	585,761,920.21
Maximum Annual Debt Service	42,118,162.50
Average Annual Debt Service	23,026,238.40
Underwriter's Fees (per \$1000)	
Average Takedown	5.000000
Other Fee	1.878401
Total Underwriter's Discount	6.878401
Bid Price	105.895982

Bond Component	Par Value	Price	Average Coupon	Average Life
2007A Callable Bonds	172,490,000.00	106.751	4.930%	13.347
2007B Serial Bond	104,735,000.00	106.039	5.000%	14.856
2007A Non-Callable Bonds	34,105,000.00	114.797	5.250%	19.146
2007A Callable Term Bond	24,680,000.00	96.379	4.250%	23.060
	336,010,000.00			15.119

	TIC	All-In TIC	Arbitrage Yield
Par Value	336,010,000.00	336,010,000.00	336,010,000.00
+ Accrued Interest			
+ Premium (Discount)	22,122,300.70	22,122,300.70	22,122,300.70
- Underwriter's Discount	-2,311,211.45	-2,311,211.45	
- Cost of Issuance Expense		-1,478,000.00	
- Other Amounts	-3,638,648.03	-3,638,648.03	-3,638,648.03
Target Value	352,182,441.22	350,704,441.22	354,493,652.67
Target Date	Multiple	Multiple	Multiple
Yield	4.473227%	4.513378%	4.298015%

BOND SUMMARY STATISTICS

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Dated Date	01/23/2007
Delivery Date	01/23/2007
Last Maturity	07/01/2032
Arbitrage Yield	4.298015%
True Interest Cost (TIC)	4.420672%
Net Interest Cost (NIC)	4.475565%
All-In TIC	4.460019%
Average Coupon	4.879163%
Average Life (years)	15.238
Duration of Issue (years)	10.654
Par Amount	231,275,000.00
Bond Proceeds	247,072,801.40
Total Interest	171,955,075.77
Net Interest	157,731,186.68
Total Debt Service	403,230,075.77
Maximum Annual Debt Service	31,101,912.50
Average Annual Debt Service	15,850,931.13
Underwriter's Fees (per \$1000)	
Average Takedown	5.000000
Other Fee	1.805372
Total Underwriter's Discount	6.805372
Bid Price	106.150206

Bond Component	Par Value	Price	Average Coupon	Average Life
2007A Callable Bonds	172,490,000.00	106.751	4.930%	13.347
2007A Non-Callable Bonds	34,105,000.00	114.797	5.250%	19.146
2007A Callable Term Bond	24,680,000.00	96.379	4.250%	23.060
	231,275,000.00			15.238

	TIC	All-In TIC	Arbitrage Yield
Par Value	231,275,000.00	231,275,000.00	231,275,000.00
+ Accrued Interest			
+ Premium (Discount)	15,797,801.40	15,797,801.40	15,797,801.40
- Underwriter's Discount	-1,573,912.31	-1,573,912.31	
- Cost of Issuance Expense		-1,003,995.03	
- Other Amounts	-2,559,967.54	-2,559,967.54	-2,559,967.54
Target Value	242,938,921.55	241,934,926.52	244,512,833.86
Target Date	01/23/2007	01/23/2007	01/23/2007
Yield	4.420672%	4.460019%	4.298015%

BOND SUMMARY STATISTICS

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007B (AMT)
 Lambert-St. Louis International Airport

Earliest Dated Date	01/23/2007
Delivery Date	01/23/2007
Last Maturity	07/01/2027
Arbitrage Yield	4.298015%
True Interest Cost (TIC)	4.591538%
Net Interest Cost (NIC)	4.580952%
All-In TIC	4.633497%
Average Coupon	4.935402%
Average Life (years)	15.050
Par Amount	104,735,000.00
Bond Proceeds	111,059,499.30
Total Interest	77,796,844.44
Net Interest	72,209,644.28
Total Debt Service	182,531,844.44
Maximum Annual Debt Service	11,496,750.00
Average Annual Debt Service	8,930,614.84
Underwriter's Fees (per \$1000)	
Average Takedown	5.000000
Other Fee	2.039663
Total Underwriter's Discount	7.039663
Bid Price	105.334607

Bond Component	Par Value	Price	Average Coupon	Average Life
2007B Serial Bond	104,735,000.00	106.039	5.000%	14.856
	104,735,000.00			14.856

	TIC	All-In TIC	Arbitrage Yield
Par Value	104,735,000.00	104,735,000.00	104,735,000.00
+ Accrued Interest			
+ Premium (Discount)	6,324,499.30	6,324,499.30	6,324,499.30
- Underwriter's Discount	-737,299.14	-737,299.14	
- Cost of Issuance Expense		-474,004.97	
- Other Amounts	-1,078,680.49	-1,078,680.49	-1,078,680.49
Target Value	109,243,519.67	108,769,514.70	109,980,818.81
Target Date	Multiple	Multiple	Multiple
Yield	4.591538%	4.633497%	4.298015%

SUMMARY OF REFUNDING RESULTS

The City of St. Louis, Missouri
Airport Revenue Refunding
Series 2007A (Non-AMT) and Series 2007B (AMT)
Lambert-St. Louis International Airport

Dated Date	01/23/2007
Delivery Date	01/23/2007
Arbitrage yield	4.298015%
Escrow yield	4.297571%
Bond Par Amount	336,010,000.00
True Interest Cost	4.473227%
Net Interest Cost	4.508135%
Average Coupon	4.896543%
Average Life	15.180
Par amount of refunded bonds	339,215,000.00
Average coupon of refunded bonds	5.126109%
Average life of refunded bonds	15.075
PV of prior debt to 01/23/2007 @ 4.298015%	370,801,844.43
Net PV Savings	12,992,675.92
Percentage savings of refunded bonds	3.830219%
Percentage savings of refunding bonds	3.866753%

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SUMMARY OF REFUNDING RESULTS

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Dated Date	01/23/2007
Delivery Date	01/23/2007
Arbitrage yield	4.298015%
Escrow yield	4.297571%
Bond Par Amount	231,275,000.00
True Interest Cost	4.420672%
Net Interest Cost	4.475565%
Average Coupon	4.879163%
Average Life	15.238
Par amount of refunded bonds	233,065,000.00
Average coupon of refunded bonds	5.069636%
Average life of refunded bonds	15.071
PV of prior debt to 01/23/2007 @ 4.298015%	253,340,815.70
Net PV Savings	7,237,382.56
Percentage savings of refunded bonds	3.105306%
Percentage savings of refunding bonds	3.129341%

SUMMARY OF REFUNDING RESULTS

The City of St. Louis, Missouri
Airport Revenue Refunding
Series 2007B (AMT)
Lambert-St. Louis International Airport

Dated Date	01/23/2007
Delivery Date	01/23/2007
Arbitrage yield	4.298015%
Escrow yield	4.297571%
Bond Par Amount	104,735,000.00
True Interest Cost	4.591538%
Net Interest Cost	4.580952%
Average Coupon	4.935402%
Average Life	15.050
Par amount of refunded bonds	106,150,000.00
Average coupon of refunded bonds	5.250000%
Average life of refunded bonds	15.084
PV of prior debt to 01/23/2007 @ 4.298015%	117,461,028.73
Net PV Savings	5,755,293.36
Percentage savings of refunded bonds	5.421850%
Percentage savings of refunding bonds	5.495100%

SUMMARY OF BONDS REFUNDED

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007A (Non-AMT) and Series 2007B (AMT)
 Lambert-St. Louis International Airport

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
POST 2005 REF: Series 2001A - Boeing Projects, 01ABOE1:					
CALL	07/01/2012	5.625%	2,610,000.00	07/01/2011	100.000
	07/01/2013	5.625%	2,755,000.00	07/01/2011	100.000
	07/01/2014	5.625%	2,910,000.00	07/01/2011	100.000
	07/01/2020	5.000%	4,045,000.00	07/01/2011	100.000
	07/01/2021	5.000%	4,245,000.00	07/01/2011	100.000
	07/01/2022	5.125%	4,455,000.00	07/01/2011	100.000
			21,020,000.00		
Series 2001A - GARB Projects, 01AGARB3:					
CALL	07/01/2012	5.625%	2,550,000.00	07/01/2011	100.000
	07/01/2013	5.625%	2,695,000.00	07/01/2011	100.000
	07/01/2014	5.625%	2,850,000.00	07/01/2011	100.000
	07/01/2020	5.000%	3,955,000.00	07/01/2011	100.000
	07/01/2021	5.000%	4,150,000.00	07/01/2011	100.000
	07/01/2022	5.125%	4,360,000.00	07/01/2011	100.000
TERM26	07/01/2023	5.000%	4,585,000.00	07/01/2011	100.000
	07/01/2024	5.000%	4,815,000.00	07/01/2011	100.000
	07/01/2025	5.000%	5,055,000.00	07/01/2011	100.000
	07/01/2026	5.000%	5,305,000.00	07/01/2011	100.000
			40,320,000.00		
Series 2001A - PFC Projects, 01APFC3:					
CALL1	07/01/2012	4.700%	1,130,000.00	07/01/2011	100.000
	07/01/2014	4.900%	750,000.00	07/01/2011	100.000
	07/01/2015	5.000%	1,640,000.00	07/01/2011	100.000
	07/01/2016	5.050%	395,000.00	07/01/2011	100.000
	07/01/2017	5.125%	355,000.00	07/01/2011	100.000
CALL2	07/01/2012	5.625%	6,275,000.00	07/01/2011	100.000
	07/01/2013	5.625%	7,810,000.00	07/01/2011	100.000
	07/01/2014	5.625%	7,500,000.00	07/01/2011	100.000
	07/01/2020	5.000%	10,500,000.00	07/01/2011	100.000
	07/01/2021	5.000%	10,980,000.00	07/01/2011	100.000
TERM26	07/01/2022	5.125%	12,605,000.00	07/01/2011	100.000
	07/01/2023	5.000%	13,250,000.00	07/01/2011	100.000
	07/01/2024	5.000%	13,915,000.00	07/01/2011	100.000
	07/01/2025	5.000%	14,610,000.00	07/01/2011	100.000
	07/01/2026	5.000%	15,340,000.00	07/01/2011	100.000
			117,055,000.00		
Airport Revenue Bonds, 1997B:					
CALLABLE	07/01/2015	5.250%	6,245,000.00	07/01/2007	101.000
	07/01/2016	5.250%	6,545,000.00	07/01/2007	101.000
	07/01/2017	5.250%	6,865,000.00	07/01/2007	101.000
TERM22	07/01/2018	5.250%	6,795,000.00	07/01/2007	101.000
	07/01/2019	5.250%	7,155,000.00	07/01/2007	101.000
	07/01/2020	5.250%	7,530,000.00	07/01/2007	101.000
	07/01/2021	5.250%	7,925,000.00	07/01/2007	101.000
	07/01/2022	5.250%	8,340,000.00	07/01/2007	101.000
TERM27	07/01/2023	5.250%	8,780,000.00	07/01/2007	101.000
	07/01/2024	5.250%	9,240,000.00	07/01/2007	101.000
	07/01/2025	5.250%	9,725,000.00	07/01/2007	101.000
	07/01/2026	5.250%	10,235,000.00	07/01/2007	101.000

SUMMARY OF BONDS REFUNDED

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007A (Non-AMT) and Series 2007B (AMT)
 Lambert-St. Louis International Airport

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Airport Revenue Bonds, 1997B:					
TERM27	07/01/2027	5.250%	10,770,000.00	07/01/2007	101.000
			106,150,000.00		
Airport Revenue Bonds, 2002A:					
CALL	07/01/2014	5.375%	1,830,000.00	07/01/2012	100.000
	07/01/2015	5.375%	1,930,000.00	07/01/2012	100.000
	07/01/2016	5.375%	2,035,000.00	07/01/2012	100.000
	07/01/2017	5.375%	2,140,000.00	07/01/2012	100.000
	07/01/2018	5.375%	2,260,000.00	07/01/2012	100.000
	07/01/2019	5.375%	2,380,000.00	07/01/2012	100.000
	07/01/2021	5.375%	2,640,000.00	07/01/2012	100.000
	07/01/2022	4.750%	2,785,000.00	07/01/2012	100.000
TERM27	07/01/2023	5.000%	2,915,000.00	07/01/2012	100.000
	07/01/2024	5.000%	3,060,000.00	07/01/2012	100.000
	07/01/2025	5.000%	3,215,000.00	07/01/2012	100.000
	07/01/2026	5.000%	3,375,000.00	07/01/2012	100.000
	07/01/2027	5.000%	3,545,000.00	07/01/2012	100.000
TERM32	07/01/2028	5.000%	3,720,000.00	07/01/2012	100.000
	07/01/2029	5.000%	3,905,000.00	07/01/2012	100.000
	07/01/2030	5.000%	4,105,000.00	07/01/2012	100.000
	07/01/2031	5.000%	4,305,000.00	07/01/2012	100.000
	07/01/2032	5.000%	4,525,000.00	07/01/2012	100.000
			54,670,000.00		
			339,215,000.00		

SAVINGS

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007A (Non-AMT) and Series 2007B (AMT)
 Lambert-St. Louis International Airport

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 01/23/2007 @ 4.2980149%
07/01/2007	8,768,356.89	6,267,457.71	2,500,899.18	2,454,656.08
07/01/2008	17,536,713.78	16,600,362.50	936,351.28	890,238.95
07/01/2009	17,536,713.78	16,600,362.50	936,351.28	853,175.33
07/01/2010	17,536,713.78	16,600,362.50	936,351.28	817,654.79
07/01/2011	17,536,713.78	16,600,362.50	936,351.28	783,613.10
07/01/2012	30,101,713.78	25,270,362.50	4,831,351.28	3,841,714.05
07/01/2013	30,100,385.02	29,591,862.50	508,522.52	392,221.98
07/01/2014	31,934,510.02	31,170,612.50	763,897.52	561,428.80
07/01/2015	25,028,522.52	24,696,862.50	331,660.02	235,419.74
07/01/2016	23,674,922.52	23,342,612.50	332,310.02	225,950.32
07/01/2017	23,586,981.26	23,251,112.50	335,868.76	218,712.93
07/01/2018	22,788,350.02	22,451,362.50	336,987.52	210,170.27
07/01/2019	22,790,137.52	22,457,862.50	332,275.02	198,518.70
07/01/2020	38,781,575.02	38,451,412.50	330,162.52	188,774.95
07/01/2021	41,371,250.02	41,042,162.50	329,087.52	180,240.38
07/01/2022	42,449,537.52	42,118,162.50	331,375.02	173,768.33
07/01/2023	37,766,625.00	37,435,412.50	331,212.50	166,238.49
07/01/2024	37,768,175.00	37,440,412.50	327,762.50	157,553.96
07/01/2025	37,768,575.00	37,441,412.50	327,162.50	150,227.07
07/01/2026	37,764,012.50	37,438,662.50	325,350.00	143,147.59
07/01/2027	16,085,675.00	15,763,400.00	322,275.00	136,019.83
07/01/2028	4,748,000.00	4,746,650.00	1,350.00	1,131.23
07/01/2029	4,747,000.00	4,742,812.50	4,187.50	2,085.19
07/01/2030	4,751,750.00	4,747,175.00	4,575.00	2,043.79
07/01/2031	4,746,500.00	4,744,100.00	2,400.00	1,086.08
07/01/2032	4,751,250.00	4,748,587.50	2,662.50	1,021.53
	602,420,659.73	585,761,920.21	16,658,739.52	12,986,813.45

Savings Summary

Deliv Date	Less: Prior Funds on Hand	Refunding Funds on Hand	Total	Present Value to 01/23/2007 @ 4.2980149%
01/23/2007	-5,601,667.56	5,603,803.88	2,136.32	2,136.32
04/03/2007	-9,176,708.75	9,180,465.83	3,757.08	3,726.14
				5,862.46

PV of savings from cash flow	12,986,813.45
Adjustments	5,862.46
Net PV Savings	12,992,675.91

SAVINGS

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 01/23/2007 @ 4.2980149%
07/01/2007	5,981,919.39	4,987,363.27	994,556.12	976,166.19
07/01/2008	11,963,838.78	11,363,612.50	600,226.28	570,667.04
07/01/2009	11,963,838.78	11,363,612.50	600,226.28	546,908.27
07/01/2010	11,963,838.78	11,363,612.50	600,226.28	524,138.65
07/01/2011	11,963,838.78	11,363,612.50	600,226.28	502,317.01
07/01/2012	24,528,838.78	20,033,612.50	4,495,226.28	3,572,129.26
07/01/2013	24,527,510.02	24,355,112.50	172,397.52	133,860.90
07/01/2014	26,361,635.02	25,933,862.50	427,772.52	313,824.15
07/01/2015	13,210,647.52	13,200,112.50	10,535.02	8,600.76
07/01/2016	11,884,910.02	11,873,862.50	11,047.52	8,589.43
07/01/2017	11,820,581.26	11,804,612.50	15,968.76	11,388.36
07/01/2018	11,452,362.52	11,437,362.50	15,000.02	10,312.23
07/01/2019	11,450,887.52	11,436,862.50	14,025.02	9,302.24
07/01/2020	27,442,962.52	27,430,662.50	12,300.02	7,778.72
07/01/2021	30,032,962.52	30,024,412.50	8,550.02	5,461.80
07/01/2022	31,112,312.52	31,101,912.50	10,400.02	6,176.34
07/01/2023	26,427,250.00	26,415,162.50	12,087.50	6,686.87
07/01/2024	26,429,750.00	26,421,912.50	7,837.50	4,413.38
07/01/2025	26,430,250.00	26,421,162.50	9,087.50	4,463.05
07/01/2026	26,426,250.00	26,419,412.50	6,837.50	3,423.28
07/01/2027	4,750,250.00	4,748,900.00	1,350.00	1,270.48
07/01/2028	4,748,000.00	4,746,650.00	1,350.00	1,131.23
07/01/2029	4,747,000.00	4,742,812.50	4,187.50	2,085.19
07/01/2030	4,751,750.00	4,747,175.00	4,575.00	2,043.79
07/01/2031	4,746,500.00	4,744,100.00	2,400.00	1,086.08
07/01/2032	4,751,250.00	4,748,587.50	2,662.50	1,021.53
	411,871,134.73	403,230,075.77	8,641,058.96	7,235,246.23

Savings Summary

PV of savings from cash flow	7,235,246.23
Less: Prior funds on hand	-5,601,667.56
Plus: Refunding funds on hand	5,603,803.88
Net PV Savings	7,237,382.55

SAVINGS

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007B (AMT)
 Lambert-St. Louis International Airport

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 01/23/2007 @ 4.2980149%
07/01/2007	2,786,437.50	1,280,094.44	1,506,343.06	1,478,489.89
07/01/2008	5,572,875.00	5,236,750.00	336,125.00	319,571.91
07/01/2009	5,572,875.00	5,236,750.00	336,125.00	306,267.06
07/01/2010	5,572,875.00	5,236,750.00	336,125.00	293,516.14
07/01/2011	5,572,875.00	5,236,750.00	336,125.00	281,296.09
07/01/2012	5,572,875.00	5,236,750.00	336,125.00	269,584.79
07/01/2013	5,572,875.00	5,236,750.00	336,125.00	258,361.08
07/01/2014	5,572,875.00	5,236,750.00	336,125.00	247,604.64
07/01/2015	11,817,875.00	11,496,750.00	321,125.00	226,818.98
07/01/2016	11,790,012.50	11,468,750.00	321,262.50	217,360.89
07/01/2017	11,766,400.00	11,446,500.00	319,900.00	207,324.57
07/01/2018	11,335,987.50	11,014,000.00	321,987.50	199,858.04
07/01/2019	11,339,250.00	11,021,000.00	318,250.00	189,216.46
07/01/2020	11,338,612.50	11,020,750.00	317,862.50	180,996.23
07/01/2021	11,338,287.50	11,017,750.00	320,537.50	174,778.58
07/01/2022	11,337,225.00	11,016,250.00	320,975.00	167,591.98
07/01/2023	11,339,375.00	11,020,250.00	319,125.00	159,551.62
07/01/2024	11,338,425.00	11,018,500.00	319,925.00	153,140.58
07/01/2025	11,338,325.00	11,020,250.00	318,075.00	145,764.02
07/01/2026	11,337,762.50	11,019,250.00	318,512.50	139,724.31
07/01/2027	11,335,425.00	11,014,500.00	320,925.00	134,749.34
	190,549,525.00	182,531,844.44	8,017,680.56	5,751,567.21

Savings Summary

Deliv Date	Less: Prior Funds on Hand	Refunding Funds on Hand	Total	Present Value to 01/23/2007 @ 4.2980149%
04/03/2007	-9,176,708.75	9,180,465.83	3,757.08	3,726.14
				3,726.14

PV of savings from cash flow	5,751,567.21
Adjustments	3,726.14
Net PV Savings	5,755,293.36

BOND PRICING

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity
2007A Non-Callable Bonds:						
	07/01/2025	10,000,000	5.250%	4.110%	114.634	
	07/01/2026	24,105,000	5.250%	4.130%	114.865	
		<u>34,105,000</u>				
2007A Callable Bonds:						
	07/01/2012	8,670,000	5.000%	3.780%	105.944	
	07/01/2013	13,425,000	5.000%	3.810%	106.735	
	07/01/2014	15,675,000	5.000%	3.830%	107.508	
	07/01/2015	3,725,000	5.000%	3.850%	108.216	
	07/01/2016	2,585,000	5.000%	3.890%	108.696	
	07/01/2017	2,645,000	5.000%	3.940%	108.998	
	07/01/2018	2,410,000	5.000%	3.980%	108.640 C	4.049%
	07/01/2019	2,530,000	4.000%	4.140%	98.647	
	07/01/2020	18,625,000	5.000%	4.060%	107.931 C	4.220%
	07/01/2021	22,150,000	5.000%	4.090%	107.666 C	4.282%
	07/01/2022	24,335,000	5.000%	4.110%	107.490 C	4.329%
	07/01/2023	20,865,000	5.000%	4.130%	107.314 C	4.371%
	07/01/2024	10,000,000	4.250%	4.390%	98.303	
	07/01/2024	11,915,000	5.000%	4.150%	107.139 C	4.409%
	07/01/2025	12,935,000	5.000%	4.170%	106.964 C	4.443%
	07/01/2026	172,490,000	5.000%	4.190%	106.789 C	4.473%
		<u>231,275,000</u>				
2007A Callable Term Bond:						
	07/01/2027	3,700,000	4.250%	4.490%	96.379	
	07/01/2028	3,855,000	4.250%	4.490%	96.379	
	07/01/2029	4,015,000	4.250%	4.490%	96.379	
	07/01/2030	4,190,000	4.250%	4.490%	96.379	
	07/01/2031	4,365,000	4.250%	4.490%	96.379	
	07/01/2032	4,555,000	4.250%	4.490%	96.379	
		<u>24,680,000</u>				
		<u>231,275,000</u>				

Dated Date	01/23/2007	
Delivery Date	01/23/2007	
First Coupon	07/01/2007	
Par Amount	231,275,000.00	
Premium	15,797,801.40	
Production	247,072,801.40	106.830743%
Underwriter's Discount	-1,573,912.31	-0.680537%
Purchase Price	245,498,889.09	106.150206%
Accrued Interest		
Net Proceeds	245,498,889.09	

BOND PRICING

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007B (AMT)
 Lambert-St. Louis International Airport

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity
2007B Serial Bond:						
	07/01/2015	6,260,000	5.000%	4.030%	106.740	
	07/01/2016	6,545,000	5.000%	4.070%	107.099	
	07/01/2017	6,850,000	5.000%	4.110%	107.374	
	07/01/2018	6,760,000	5.000%	4.150%	107.028 C	4.208%
	07/01/2019	7,105,000	5.000%	4.190%	106.684 C	4.292%
	07/01/2020	7,460,000	5.000%	4.240%	106.255 C	4.372%
	07/01/2021	7,830,000	5.000%	4.270%	105.999 C	4.427%
	07/01/2022	8,220,000	5.000%	4.300%	105.744 C	4.475%
	07/01/2023	8,635,000	5.000%	4.320%	105.574 C	4.512%
	07/01/2024	9,065,000	5.000%	4.330%	105.489 C	4.537%
	07/01/2025	9,520,000	5.000%	4.340%	105.405 C	4.560%
	07/01/2026	9,995,000	5.000%	4.350%	105.320 C	4.581%
	07/01/2027	10,490,000	5.000%	4.360%	105.235 C	4.599%
		104,735,000				

Dated Date	04/03/2007	
Delivery Date	04/03/2007	
First Coupon	07/01/2007	
Par Amount	104,735,000.00	
Premium	6,324,499.30	
Production	111,059,499.30	106.038573%
Underwriter's Discount	-737,299.14	-0.703966%
Purchase Price	110,322,200.16	105.334607%
Accrued Interest		
Net Proceeds	110,322,200.16	

BOND DEBT SERVICE

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2007			4,987,363.27	4,987,363.27
07/01/2008			11,363,612.50	11,363,612.50
07/01/2009			11,363,612.50	11,363,612.50
07/01/2010			11,363,612.50	11,363,612.50
07/01/2011			11,363,612.50	11,363,612.50
07/01/2012	8,670,000	5.000%	11,363,612.50	20,033,612.50
07/01/2013	13,425,000	5.000%	10,930,112.50	24,355,112.50
07/01/2014	15,675,000	5.000%	10,258,862.50	25,933,862.50
07/01/2015	3,725,000	5.000%	9,475,112.50	13,200,112.50
07/01/2016	2,585,000	5.000%	9,288,862.50	11,873,862.50
07/01/2017	2,645,000	5.000%	9,159,612.50	11,804,612.50
07/01/2018	2,410,000	5.000%	9,027,362.50	11,437,362.50
07/01/2019	2,530,000	4.000%	8,906,862.50	11,436,862.50
07/01/2020	18,625,000	5.000%	8,805,662.50	27,430,662.50
07/01/2021	22,150,000	5.000%	7,874,412.50	30,024,412.50
07/01/2022	24,335,000	5.000%	6,766,912.50	31,101,912.50
07/01/2023	20,865,000	5.000%	5,550,162.50	26,415,162.50
07/01/2024	21,915,000	**	4,506,912.50	26,421,912.50
07/01/2025	22,935,000	**	3,486,162.50	26,421,162.50
07/01/2026	24,105,000	5.250%	2,314,412.50	26,419,412.50
07/01/2027	3,700,000	4.250%	1,048,900.00	4,748,900.00
07/01/2028	3,855,000	4.250%	891,650.00	4,746,650.00
07/01/2029	4,015,000	4.250%	727,812.50	4,742,812.50
07/01/2030	4,190,000	4.250%	557,175.00	4,747,175.00
07/01/2031	4,365,000	4.250%	379,100.00	4,744,100.00
07/01/2032	4,555,000	4.250%	193,587.50	4,748,587.50
	231,275,000		171,955,075.77	403,230,075.77

BOND DEBT SERVICE

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007B (AMT)
 Lambert-St. Louis International Airport

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2007			1,280,094.44	1,280,094.44
07/01/2008			5,236,750.00	5,236,750.00
07/01/2009			5,236,750.00	5,236,750.00
07/01/2010			5,236,750.00	5,236,750.00
07/01/2011			5,236,750.00	5,236,750.00
07/01/2012			5,236,750.00	5,236,750.00
07/01/2013			5,236,750.00	5,236,750.00
07/01/2014			5,236,750.00	5,236,750.00
07/01/2015	6,260,000	5.000%	5,236,750.00	11,496,750.00
07/01/2016	6,545,000	5.000%	4,923,750.00	11,468,750.00
07/01/2017	6,850,000	5.000%	4,596,500.00	11,446,500.00
07/01/2018	6,760,000	5.000%	4,254,000.00	11,014,000.00
07/01/2019	7,105,000	5.000%	3,916,000.00	11,021,000.00
07/01/2020	7,460,000	5.000%	3,560,750.00	11,020,750.00
07/01/2021	7,830,000	5.000%	3,187,750.00	11,017,750.00
07/01/2022	8,220,000	5.000%	2,796,250.00	11,016,250.00
07/01/2023	8,635,000	5.000%	2,385,250.00	11,020,250.00
07/01/2024	9,065,000	5.000%	1,953,500.00	11,018,500.00
07/01/2025	9,520,000	5.000%	1,500,250.00	11,020,250.00
07/01/2026	9,995,000	5.000%	1,024,250.00	11,019,250.00
07/01/2027	10,490,000	5.000%	524,500.00	11,014,500.00
	104,735,000		77,796,844.44	182,531,844.44

BOND MATURITY TABLE

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Maturity Date	2007A Non-Callable Bonds	2007A Callable Bonds	2007A Callable Term Bond	Total
07/01/2012		8,670,000		8,670,000
07/01/2013		13,425,000		13,425,000
07/01/2014		15,675,000		15,675,000
07/01/2015		3,725,000		3,725,000
07/01/2016		2,585,000		2,585,000
07/01/2017		2,645,000		2,645,000
07/01/2018		2,410,000		2,410,000
07/01/2019		2,530,000		2,530,000
07/01/2020		18,625,000		18,625,000
07/01/2021		22,150,000		22,150,000
07/01/2022		24,335,000		24,335,000
07/01/2023		20,865,000		20,865,000
07/01/2024		21,915,000		21,915,000
07/01/2025	10,000,000	12,935,000		22,935,000
07/01/2026	24,105,000			24,105,000
07/01/2027			3,700,000	3,700,000
07/01/2028			3,855,000	3,855,000
07/01/2029			4,015,000	4,015,000
07/01/2030			4,190,000	4,190,000
07/01/2031			4,365,000	4,365,000
07/01/2032			4,555,000	4,555,000
	34,105,000	172,490,000	24,680,000	231,275,000

BOND MATURITY TABLE

The City of St. Louis, Missouri
Airport Revenue Refunding
Series 2007B (AMT)
Lambert-St. Louis International Airport

Maturity Date	2007B Serial Bond
07/01/2015	6,260,000
07/01/2016	6,545,000
07/01/2017	6,850,000
07/01/2018	6,760,000
07/01/2019	7,105,000
07/01/2020	7,460,000
07/01/2021	7,830,000
07/01/2022	8,220,000
07/01/2023	8,635,000
07/01/2024	9,065,000
07/01/2025	9,520,000
07/01/2026	9,995,000
07/01/2027	10,490,000
	104,735,000

ESCROW REQUIREMENTS

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Period Ending	Interest	Principal Redeemed	Total
07/01/2007	5,981,919.39		5,981,919.39
01/01/2008	5,981,919.39		5,981,919.39
07/01/2008	5,981,919.39		5,981,919.39
01/01/2009	5,981,919.39		5,981,919.39
07/01/2009	5,981,919.39		5,981,919.39
01/01/2010	5,981,919.39		5,981,919.39
07/01/2010	5,981,919.39		5,981,919.39
01/01/2011	5,981,919.39		5,981,919.39
07/01/2011	5,981,919.39	178,395,000.00	184,376,919.39
01/01/2012	1,391,796.88		1,391,796.88
07/01/2012	1,391,796.88	54,670,000.00	56,061,796.88
	56,620,868.27	233,065,000.00	289,685,868.27

ESCROW REQUIREMENTS

The City of St. Louis, Missouri
Airport Revenue Refunding
Series 2007B (AMT)
Lambert-St. Louis International Airport

Period Ending	Interest	Principal Redeemed	Redemption Premium	Total
07/01/2007	2,786,437.50	106,150,000.00	1,061,500.00	109,997,937.50
	2,786,437.50	106,150,000.00	1,061,500.00	109,997,937.50

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ESCROW DESCRIPTIONS

The City of St. Louis, Missouri
 Series 2007A (Non-AMT)
 Lambert-St. Louis International Airport

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Jan 23, 2007:						
SLG	Certificate	07/01/2007	07/01/2007	319,898	4.712%	5.100%
SLG	Certificate	07/01/2007	07/01/2007	1,108,278	4.701%	5.100%
SLG	Certificate	01/01/2008	01/01/2008	171,581	4.638%	5.020%
SLG	Certificate	01/01/2008	01/01/2008	625,165	4.627%	5.020%
SLG	Note	07/01/2008	07/01/2007	179,059	4.574%	4.950%
SLG	Note	07/01/2008	07/01/2007	652,348	4.563%	4.950%
SLG	Note	01/01/2009	07/01/2007	183,155	4.472%	4.840%
SLG	Note	01/01/2009	07/01/2007	667,232	4.461%	4.840%
SLG	Note	07/01/2009	07/01/2007	187,249	4.380%	4.740%
SLG	Note	07/01/2009	07/01/2007	682,113	4.369%	4.740%
SLG	Note	01/01/2010	07/01/2007	191,351	4.343%	4.700%
SLG	Note	01/01/2010	07/01/2007	697,015	4.332%	4.700%
SLG	Note	07/01/2010	07/01/2007	195,506	4.324%	4.680%
SLG	Note	07/01/2010	07/01/2007	712,112	4.314%	4.680%
SLG	Note	01/01/2011	07/01/2007	199,732	4.315%	4.670%
SLG	Note	01/01/2011	07/01/2007	727,472	4.305%	4.670%
SLG	Note	07/01/2011	07/01/2007	204,042	4.306%	4.660%
SLG	Note	07/01/2011	07/01/2007	179,138,130	4.295%	4.660%
SLG	Note	01/01/2012	07/01/2007	208,435	4.296%	4.650%
SLG	Note	07/01/2012	07/01/2007	54,882,911	4.296%	4.650%
				241,932,784		

SLGS Summary

SLGS Rates File	09JAN07
Total Certificates of Indebtedness	2,224,922.00
Total Notes	239,707,862.00
Total original SLGS	241,932,784.00

ESCROW DESCRIPTIONS

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007B (AMT)
 Lambert-St. Louis International Airport

Type of Security	CUSIP or ID	Maturity Date	Par Amount	Rate	Yield	Price	Interest Class	Interest Frequency	Interest Day Basis
Apr 3, 2007: TNote	912828DY3	06/30/2007	108,039,000	3.625%	4.660%	99.74072	Periodic	Semiannual	ACT/ACT
			108,039,000						

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ESCROW CASH FLOW

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Date	Principal	Interest	Net Escrow Receipts
07/01/2007	1,428,176.00	4,553,744.96	5,981,920.96
07/01/2008	1,628,153.00	10,335,685.14	11,963,838.14
07/01/2009	1,719,749.00	10,244,089.23	11,963,838.23
07/01/2010	1,795,984.00	10,167,855.73	11,963,839.73
07/01/2011	180,269,376.00	10,089,460.97	190,358,836.97
07/01/2012	55,091,346.00	2,362,247.04	57,453,593.04
	241,932,784.00	47,753,083.07	289,685,867.07

Escrow Cost Summary

Purchase date 01/23/2007
Purchase cost of securities 241,932,784.00

ESCROW CASH FLOW

The City of St. Louis, Missouri
Airport Revenue Refunding
Series 2007B (AMT)
Lambert-St. Louis International Airport

Date	Principal	Interest	Net Escrow Receipts
07/01/2007	108,039,000.00	1,958,206.88	109,997,206.88
	108,039,000.00	1,958,206.88	109,997,206.88

Escrow Cost Summary

Purchase date 04/03/2007
Purchase cost of securities 108,765,026.97

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ESCROW COST

The City of St. Louis, Missouri
 Series 2007A (Non-AMT)
 Lambert-St. Louis International Airport

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLG	07/01/2007	319,898	4.712%	319,898.00
SLG	07/01/2007	1,108,278	4.701%	1,108,278.00
SLG	01/01/2008	171,581	4.638%	171,581.00
SLG	01/01/2008	625,165	4.627%	625,165.00
SLG	07/01/2008	179,059	4.574%	179,059.00
SLG	07/01/2008	652,348	4.563%	652,348.00
SLG	01/01/2009	183,155	4.472%	183,155.00
SLG	01/01/2009	667,232	4.461%	667,232.00
SLG	07/01/2009	187,249	4.380%	187,249.00
SLG	07/01/2009	682,113	4.369%	682,113.00
SLG	01/01/2010	191,351	4.343%	191,351.00
SLG	01/01/2010	697,015	4.332%	697,015.00
SLG	07/01/2010	195,506	4.324%	195,506.00
SLG	07/01/2010	712,112	4.314%	712,112.00
SLG	01/01/2011	199,732	4.315%	199,732.00
SLG	01/01/2011	727,472	4.305%	727,472.00
SLG	07/01/2011	204,042	4.306%	204,042.00
SLG	07/01/2011	179,138,130	4.295%	179,138,130.00
SLG	01/01/2012	208,435	4.296%	208,435.00
SLG	07/01/2012	54,882,911	4.296%	54,882,911.00
		241,932,784		241,932,784.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
01/23/2007	241,932,784	6.20	241,932,790.20
	241,932,784	6.20	241,932,790.20

ESCROW COST

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007B (AMT)
 Lambert-St. Louis International Airport

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost
TNote	06/30/2007	108,039,000	3.625%	4.660266%	99.74072	107,758,876.48	1,006,150.49	108,765,026.97
		108,039,000				107,758,876.48	1,006,150.49	108,765,026.97

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
04/03/2007	108,765,026.97	730.65	108,765,757.62
	108,765,026.97	730.65	108,765,757.62

ESCROW SUFFICIENCY

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
01/23/2007		6.20	6.20	6.20
07/01/2007	5,981,919.39	5,981,920.96	1.57	7.77
01/01/2008	5,981,919.39	5,981,919.14	-0.25	7.52
07/01/2008	5,981,919.39	5,981,919.00	-0.39	7.13
01/01/2009	5,981,919.39	5,981,920.60	1.21	8.34
07/01/2009	5,981,919.39	5,981,917.63	-1.76	6.58
01/01/2010	5,981,919.39	5,981,920.13	0.74	7.32
07/01/2010	5,981,919.39	5,981,919.60	0.21	7.53
01/01/2011	5,981,919.39	5,981,918.51	-0.88	6.65
07/01/2011	184,376,919.39	184,376,918.46	-0.93	5.72
01/01/2012	1,391,796.88	1,391,797.11	0.23	5.95
07/01/2012	56,061,796.88	56,061,795.93	-0.95	5.00
	289,685,868.27	289,685,873.27	5.00	

ESCROW SUFFICIENCY

The City of St. Louis, Missouri
Airport Revenue Refunding
Series 2007B (AMT)
Lambert-St. Louis International Airport

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
04/03/2007		730.65	730.65	730.65
06/30/2007		109,997,206.88	109,997,206.88	109,997,937.53
07/01/2007	109,997,937.50		-109,997,937.50	0.03
	109,997,937.50	109,997,937.53	0.03	

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ESCROW STATISTICS

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Escrow	Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Prior Bonds (PRIOR):								
	21,907,298.03	3.929	8,604.83	4.297597%	4.297597%	21,906,938.38	359.55	0.10
	41,803,572.43	3.937	16,454.86	4.297391%	4.297391%	41,802,546.08	1,026.26	0.09
	121,299,000.47	3.938	47,756.28	4.297371%	4.297371%	121,295,923.05	3,076.47	0.95
BP	56,922,919.27	4.718	26,845.93	4.298029%	4.298029%	56,922,956.91	-37.77	0.13
	241,932,790.20		99,661.90			241,928,364.42	4,424.51	1.27

Delivery date 01/23/2007
Arbitrage yield 4.298015%

ESCROW STATISTICS

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007B (AMT)
 Lambert-St. Louis International Airport

Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
108,765,757.62	0.236	2,575.64	4.716182%	4.661969%	108,860,435.74	-107,545.44	12,867.32
108,765,757.62		2,575.64			108,860,435.74	-107,545.44	12,867.32

Delivery date 01/23/2007
 Escrow purchase date 04/03/2007
 Arbitrage yield 4.298015%

PRIOR BOND DEBT SERVICE

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2007			5,981,919.39	5,981,919.39
07/01/2008			11,963,838.78	11,963,838.78
07/01/2009			11,963,838.78	11,963,838.78
07/01/2010			11,963,838.78	11,963,838.78
07/01/2011			11,963,838.78	11,963,838.78
07/01/2012	12,565,000	**	11,963,838.78	24,528,838.78
07/01/2013	13,260,000	5.625%	11,267,510.02	24,527,510.02
07/01/2014	15,840,000	**	10,521,635.02	26,361,635.02
07/01/2015	3,570,000	**	9,640,647.52	13,210,647.52
07/01/2016	2,430,000	**	9,454,910.02	11,884,910.02
07/01/2017	2,495,000	**	9,325,581.26	11,820,581.26
07/01/2018	2,260,000	5.375%	9,192,362.52	11,452,362.52
07/01/2019	2,380,000	5.375%	9,070,887.52	11,450,887.52
07/01/2020	18,500,000	5.000%	8,942,962.52	27,442,962.52
07/01/2021	22,015,000	**	8,017,962.52	30,032,962.52
07/01/2022	24,205,000	**	6,907,312.52	31,112,312.52
07/01/2023	20,750,000	5.000%	5,677,250.00	26,427,250.00
07/01/2024	21,790,000	5.000%	4,639,750.00	26,429,750.00
07/01/2025	22,880,000	5.000%	3,550,250.00	26,430,250.00
07/01/2026	24,020,000	5.000%	2,406,250.00	26,426,250.00
07/01/2027	3,545,000	5.000%	1,205,250.00	4,750,250.00
07/01/2028	3,720,000	5.000%	1,028,000.00	4,748,000.00
07/01/2029	3,905,000	5.000%	842,000.00	4,747,000.00
07/01/2030	4,105,000	5.000%	646,750.00	4,751,750.00
07/01/2031	4,305,000	5.000%	441,500.00	4,746,500.00
07/01/2032	4,525,000	5.000%	226,250.00	4,751,250.00
	233,065,000		178,806,134.73	411,871,134.73

PRIOR BOND DEBT SERVICE

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007B (AMT)
 Lambert-St. Louis International Airport

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2007			2,786,437.50	2,786,437.50
07/01/2008			5,572,875.00	5,572,875.00
07/01/2009			5,572,875.00	5,572,875.00
07/01/2010			5,572,875.00	5,572,875.00
07/01/2011			5,572,875.00	5,572,875.00
07/01/2012			5,572,875.00	5,572,875.00
07/01/2013			5,572,875.00	5,572,875.00
07/01/2014			5,572,875.00	5,572,875.00
07/01/2015	6,245,000	5.250%	5,572,875.00	11,817,875.00
07/01/2016	6,545,000	5.250%	5,245,012.50	11,790,012.50
07/01/2017	6,865,000	5.250%	4,901,400.00	11,766,400.00
07/01/2018	6,795,000	5.250%	4,540,987.50	11,335,987.50
07/01/2019	7,155,000	5.250%	4,184,250.00	11,339,250.00
07/01/2020	7,530,000	5.250%	3,808,612.50	11,338,612.50
07/01/2021	7,925,000	5.250%	3,413,287.50	11,338,287.50
07/01/2022	8,340,000	5.250%	2,997,225.00	11,337,225.00
07/01/2023	8,780,000	5.250%	2,559,375.00	11,339,375.00
07/01/2024	9,240,000	5.250%	2,098,425.00	11,338,425.00
07/01/2025	9,725,000	5.250%	1,613,325.00	11,338,325.00
07/01/2026	10,235,000	5.250%	1,102,762.50	11,337,762.50
07/01/2027	10,770,000	5.250%	565,425.00	11,335,425.00
	106,150,000		84,399,525.00	190,549,525.00

PROOF OF ARBITRAGE YIELD

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007A (Non-AMT) and Series 2007B (AMT)
 Lambert-St. Louis International Airport

Date	Debt Service	Total	Present Value to 01/23/2007 @ 4.2980149%
07/01/2007	6,267,457.71	6,267,457.71	6,151,568.72
01/01/2008	8,300,181.25	8,300,181.25	7,975,315.87
07/01/2008	8,300,181.25	8,300,181.25	7,807,531.44
01/01/2009	8,300,181.25	8,300,181.25	7,643,276.85
07/01/2009	8,300,181.25	8,300,181.25	7,482,477.84
01/01/2010	8,300,181.25	8,300,181.25	7,325,061.72
07/01/2010	8,300,181.25	8,300,181.25	7,170,957.32
01/01/2011	8,300,181.25	8,300,181.25	7,020,094.96
07/01/2011	8,300,181.25	8,300,181.25	6,872,406.43
01/01/2012	8,300,181.25	8,300,181.25	6,727,824.97
07/01/2012	16,970,181.25	16,970,181.25	13,466,025.68
01/01/2013	8,083,431.25	8,083,431.25	6,279,348.05
07/01/2013	21,508,431.25	21,508,431.25	16,356,613.48
01/01/2014	7,747,806.25	7,747,806.25	5,768,053.18
07/01/2014	23,422,806.25	23,422,806.25	17,070,855.23
01/01/2015	7,355,931.25	7,355,931.25	5,248,314.65
07/01/2015	17,340,931.25	17,340,931.25	12,112,128.45
01/01/2016	7,106,306.25	7,106,306.25	4,859,122.19
07/01/2016	16,236,306.25	16,236,306.25	10,868,434.29
01/01/2017	6,878,056.25	6,878,056.25	4,507,246.62
07/01/2017	214,688,056.25	214,688,056.25	137,727,077.28
01/01/2018	1,682,806.25	1,682,806.25	1,056,845.28
07/01/2018	1,682,806.25	1,682,806.25	1,034,611.41
01/01/2019	1,682,806.25	1,682,806.25	1,012,845.29
07/01/2019	4,212,806.25	4,212,806.25	2,482,254.63
01/01/2020	1,632,206.25	1,632,206.25	941,490.04
07/01/2020	1,632,206.25	1,632,206.25	921,683.00
01/01/2021	1,632,206.25	1,632,206.25	902,292.67
07/01/2021	1,632,206.25	1,632,206.25	883,310.26
01/01/2022	1,632,206.25	1,632,206.25	864,727.21
07/01/2022	1,632,206.25	1,632,206.25	846,535.11
01/01/2023	1,632,206.25	1,632,206.25	828,725.73
07/01/2023	1,632,206.25	1,632,206.25	811,291.03
01/01/2024	1,632,206.25	1,632,206.25	794,223.11
07/01/2024	11,632,206.25	11,632,206.25	5,541,092.85
01/01/2025	1,419,706.25	1,419,706.25	662,060.50
07/01/2025	11,419,706.25	11,419,706.25	5,213,386.99
01/01/2026	1,157,206.25	1,157,206.25	517,179.92
07/01/2026	25,262,206.25	25,262,206.25	11,052,690.42
01/01/2027	524,450.00	524,450.00	224,629.44
07/01/2027	4,224,450.00	4,224,450.00	1,771,326.42
01/01/2028	445,825.00	445,825.00	183,003.20
07/01/2028	4,300,825.00	4,300,825.00	1,728,271.22
01/01/2029	363,906.25	363,906.25	143,157.96
07/01/2029	4,378,906.25	4,378,906.25	1,686,387.87
01/01/2030	278,587.50	278,587.50	105,031.43
07/01/2030	4,468,587.50	4,468,587.50	1,649,277.70

PROOF OF ARBITRAGE YIELD

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007A (Non-AMT) and Series 2007B (AMT)
 Lambert-St. Louis International Airport

Date	Debt Service	Total	Present Value to 01/23/2007 @ 4.2980149%
01/01/2031	189,550.00	189,550.00	68,487.79
07/01/2031	4,554,550.00	4,554,550.00	1,611,019.12
01/01/2032	96,793.75	96,793.75	33,517.25
07/01/2032	4,651,793.75	4,651,793.75	1,576,911.67
	531,627,670.21	531,627,670.21	353,588,001.71

Proceeds Summary

Delivery Date	Par Value	Premium (Discount)	Arbitrage Expenses	Yield Target	Present Value to 01/23/2007 @ 4.2980149%
01/23/2007	231,275,000.00	15,797,801.40	-2,559,967.54	244,512,833.86	244,512,833.86
04/03/2007	104,735,000.00	6,324,499.30	-1,078,680.49	109,980,818.81	109,075,167.85
	336,010,000.00				353,588,001.71

PROOF OF ARBITRAGE YIELD

The City of St. Louis, Missouri
 Airport Revenue Refunding
 Series 2007A (Non-AMT) and Series 2007B (AMT)
 Lambert-St. Louis International Airport

Assumed Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Call Date	Call Price	Present Value to 01/23/2007 @ 4.2980149%
07ACALL	07/01/2020	07/01/2017	100.000	-386,142.89
07ACALL	07/01/2021	07/01/2017	100.000	-400,527.46
07ACALL	07/01/2022	07/01/2017	100.000	-397,208.14
07ACALL	07/01/2018	07/01/2017	100.000	-67,052.23
07ACALL	07/01/2023	07/01/2017	100.000	-303,846.64
07ACALL	07/01/2024	07/01/2017	100.000	-152,660.98
07ACALL	07/01/2025	07/01/2017	100.000	-143,093.48
07BSER	07/01/2018	07/01/2017	100.000	-84,735.38
07BSER	07/01/2019	07/01/2017	100.000	-64,618.70
07BSER	07/01/2020	07/01/2017	100.000	-35,843.96
07BSER	07/01/2021	07/01/2017	100.000	-17,576.94
07BSER	07/01/2022	07/01/2017	100.000	2,508.58
07BSER	07/01/2023	07/01/2017	100.000	17,314.73
07BSER	07/01/2024	07/01/2017	100.000	25,882.21
07BSER	07/01/2025	07/01/2017	100.000	35,178.11
07BSER	07/01/2026	07/01/2017	100.000	45,429.07
07BSER	07/01/2027	07/01/2017	100.000	56,595.44

Rejected Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Call Date	Call Price	Present Value to 01/23/2007 @ 4.2980149%	Increase to NPV
07ACALL	07/01/2020			-152,407.94	233,734.95
07ACALL	07/01/2021			-37,504.02	363,023.44
07ACALL	07/01/2022			91,177.05	488,385.19
07ACALL	07/01/2018			-56,539.16	10,513.07
07ACALL	07/01/2023			188,483.30	492,329.94
07ACALL	07/01/2024			168,756.43	321,417.41
07ACALL	07/01/2025			247,738.05	390,831.53
07BSER	07/01/2018			-55,001.58	29,733.80
07BSER	07/01/2019			-3,417.23	61,201.47
07BSER	07/01/2020			58,552.84	94,396.80
07BSER	07/01/2021			111,816.95	129,393.89
07BSER	07/01/2022			168,847.55	166,338.97
07BSER	07/01/2023			222,757.69	205,442.96
07BSER	07/01/2024			272,448.79	246,566.58
07BSER	07/01/2025			325,213.62	290,035.51
07BSER	07/01/2026			381,221.18	335,792.11
07BSER	07/01/2027			440,485.23	383,889.79

PROOF OF COMPOSITE ESCROW YIELD

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

All restricted escrows funded by bond proceeds

Date	Security Receipts	Present Value to 01/23/2007 @ 4.2975710%
07/01/2007	5,981,920.96	5,871,322.91
01/01/2008	5,981,919.14	5,747,812.95
07/01/2008	5,981,919.00	5,626,902.74
01/01/2009	5,981,920.60	5,508,537.59
07/01/2009	5,981,917.63	5,392,658.20
01/01/2010	5,981,920.13	5,279,221.31
07/01/2010	5,981,919.60	5,168,167.99
01/01/2011	5,981,918.51	5,059,450.32
07/01/2011	184,376,918.46	152,663,842.03
01/01/2012	1,391,797.11	1,128,164.32
07/01/2012	56,061,795.93	44,486,703.65
	289,685,867.07	241,932,784.00

Escrow Cost Summary

Purchase date	01/23/2007
Purchase cost of securities	241,932,784.00
Target for yield calculation	241,932,784.00

COST OF ISSUANCE

The City of St. Louis, Missouri
Series 2007A (Non-AMT)
Lambert-St. Louis International Airport

Cost of Issuance	\$/1000	Amount
Cost of Issuance	4.30330	995,245.03
Misc Cost of Issuance	0.03783	8,750.00
	4.34113	1,003,995.03

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COST OF ISSUANCE

The City of St. Louis, Missouri
Airport Revenue Refunding
Series 2007B (AMT)
Lambert-St. Louis International Airport

Cost of Issuance	\$/1000	Amount
Cost of Issuance	4.44221	465,254.97
Misc Cost of Issuance	0.08354	8,750.00
	4.52576	474,004.97

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Exhibit G

Verification Report

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SEE TAB 42 OF THIS TRANSCRIPT

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Exhibit H
SLGS Subscription

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U.S. TREASURY SECURITIES Subscription Review

Date: 1/9/2007

Issue Information

Treasury Case Number:

2007-00477

Bank Ref Number:

Issue Date:

01/23/2007

Rate Table Date:

01/09/2007

Issue Amount:

\$241,932,784.00

Status:

Complete

State or Local Government Body

Underlying Bond Issue: The City of St. Louis, Missouri

Airport Revenue Refunding Bonds

Series 2007A (Non-AMT)

Taxpayer Identification Number: 43-6003231

CITY OF ST. LOUIS

1200 MARKET STREET, ROOM 220

ST. LOUIS, MO 63103

Contact: DARLENE GREEN

Telephone: 314-622-4389

Fax:

E-Mail:

Trustee Bank

ABA Routing Number: 101000695

UMB Bank NA

Corporate Trust Division

2 South Broadway, Suite 435

St. Louis, MO 63102-1713

Contact: BRIAN KRIPPNER

Telephone: 314-612-8480

Fax: 314-612-8499

E-Mail: brian.krippner@umb.com

Financial Institution Managing (ACH) Payments

ABA Routing Number: 101000695

UMB Bank NA

Corporate Trust Division

2 South Broadway, Suite 435

St. Louis, MO 63102-1713

Contact: BRIAN KRIPPNER

Telephone: 314-612-8480

Fax: 314-612-8499

E-Mail: brian.krippner@umb.com

ACH Payment Instructions:

Account Name: TRUST CLEARING ACCOUNT

Account Number: 9801018981

Account Type: Checking

ABA Routing Number: 101000695



**U.S. TREASURY SECURITIES
Subscription Review**

Date: 1/9/2007

Financial Institution Transmitting Funds for Purchase

ABA Routing Number: 101000695

UMB BANK

Contact: BRIAN KRIPPNER

Telephone: 314-612-8480

Fax: 314-612-8499

E-Mail: brian.krippner@umb.com

Subscriber

ABA Routing Number or TIN: 132518466

Lehman Brothers Inc.

399 Park Avenue, Floor 16

New York, NY 10022

Contact: GILES T NICHOLSON

Telephone: 212-526-3974

Fax: 646-758-4398

E-Mail: gnichols@lehman.com

Viewers

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U.S. TREASURY SECURITIES Subscription Review

Date: 1/9/2007

Issue Information

Treasury Case Number:

2007-00477

Bank Ref Number:

Rate Table Date:

01/09/2007

Issue Date:

01/23/2007

Issue Amount:

\$241,932,784.00

Status:

Complete

Schedule of SLGS Securities

Security Number	Principal Amount	Interest Rate	Maturity Date	First Interest Payment
1	\$319,898.00	4.712	07/01/2007	--
2	\$1,108,278.00	4.701	07/01/2007	--
3	\$171,581.00	4.638	01/01/2008	--
4	\$625,165.00	4.627	01/01/2008	--
5	\$179,059.00	4.574	07/01/2008	07/01/2007
6	\$652,348.00	4.563	07/01/2008	07/01/2007
7	\$183,155.00	4.472	01/01/2009	07/01/2007
8	\$667,232.00	4.461	01/01/2009	07/01/2007
9	\$187,249.00	4.38	07/01/2009	07/01/2007
10	\$682,113.00	4.369	07/01/2009	07/01/2007
11	\$191,351.00	4.343	01/01/2010	07/01/2007
12	\$697,015.00	4.332	01/01/2010	07/01/2007
13	\$195,506.00	4.324	07/01/2010	07/01/2007
14	\$712,112.00	4.314	07/01/2010	07/01/2007
15	\$199,732.00	4.315	01/01/2011	07/01/2007
16	\$727,472.00	4.305	01/01/2011	07/01/2007
17	\$204,042.00	4.306	07/01/2011	07/01/2007
18	\$179,138,130.00	4.295	07/01/2011	07/01/2007
19	\$208,435.00	4.296	01/01/2012	07/01/2007
20	\$54,882,911.00	4.296	07/01/2012	07/01/2007

Exhibit I

TEFRA Documentation–2007B Bonds

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CERTIFICATE OF THE MAYOR

The City of St. Louis, Missouri (the "City") has held a public hearing at City Hall on Monday, August 4, 1997, at 9:30 AM, regarding (i) the issuance of not to exceed \$1.5 billion aggregate principal amount of bonds (the "Bonds") to be issued for the purpose of financing capital improvement projects (the "Projects"), including equipping, acquiring, constructing and improving terminals, airfields, noise abatement facilities, administration facilities, parking and roadways, and certain other projects for the Lambert-St. Louis International Airport, and (ii) the first proposed issue of Bonds pursuant to such plan of financing in an aggregate principal amount not to exceed \$250 million of Bonds titled Airport Revenue Bonds (1997 Capital Improvement Projects) Series 1997, Lambert-St. Louis International Airport pursuant to notice published in the St. Louis Post-Dispatch newspaper dated August __, 1997, attached hereto.

The hearing was held for the purpose of receiving comment and hearing discussion concerning the issuance of the Bonds and the use of the proceeds thereof for the Projects.

The hearing was convened by the City at 9:30 AM and no comments were received and no witnesses appeared. The meeting was adjourned after thirty (30) minutes.

As chief elected official of St. Louis, Missouri, I hereby approve the proposed plan of financing and the proposed issuance of the Bonds for the Projects.

Dated: September __, 1997

By: 

Name: Clarence Harmon

Title: Mayor

3295—Real Estate
1 BR, 1 BA, A/C, in-bm, C/A, 11/21-1000 HMX, 716-5148 (K-3)

3296—Real Estate
2 BR, 1 BA, w/d, hook up, yard, Leominer
Bellingham Hwy 725-3239 ext 181
Rent To Own: 3BR, 1 BA, 1/2 car, in-bm, priv. yd., near shops, bus routes. A must see! 795-2444

3297—Real Estate
NEW KITCHEN & BATH
Large 1 BR apt, dishwasher, custom walk-in closet, pool, carpet, cent. air, laundry rm.
PHILIP H. BARRON RLT
RES. MANAGER 961-6003

BRENTWOOD PLACE APTS.
Great alternative to Clayton.
2 BR, 1 BA, 535-560/mo
5190 Move-in special
911-3532

EON
Newly painted & carpeted
Brentwood Forest, 2 BR, w/d, washer & dryer, ready to move in. 575/mo. 1044 Oriole Place.
Call 665-7816

UNIQUE 55M, 1044 Oriole
2 BR, new carpeting, appls, nice area, 530/mo. 1 yr. lease. Avail. now. 933-7900

BRENTWOOD FOREST
2 BR, on quiet cul-de-sac, 570/mo. Avail. 9/1/97. C/A, pool location. Kim 908-0547

SUB LEASE
1 BR apt, no pets, 544/mo. C/A, pool location. Kim 908-0547

Customer 3 BR/Cinced w/d
772-1800 HMX chp 716-5148 (K-4)

3315—Real Estate
11911 BEAVERTON
2 BR, 1 BA, car gar., 10/1, full bsm. 51200
Gundaker Property Mgt.

13122 Natural Bridge 2 BR/1 BA
Apt. 550, month to month rent. 575-7779

COLDWELL BANKER
RS PROPERTY MGMT
Avail. immed. 2 BR, 2 ba cond. apt. 550/mo. 530-5500
M. McCarty Broker 291-3471

CLEAN 1 BR, 1 bath home
C/A, fenced yd., carport, ref., stove, 545/mo. 414-2820

Updated 1 1/2 br. apt., ceiling fan, minis, appls., off street parking, no pets, 575-7779

Newly dec. 2 BR apt. from 540 mo. Owner/Broker, 291-5925

3325—Real Estate
Sol. and Sun.
Mon. thru Fri.
SPECIAL: 3 Bedroom Apartment, 2 full baths, 2 car garage w/washer, washer/dryer hook-up, Parkway School, golf, swim and country club. Starting at 375/mo. Small pets welcome. 441 HIGHLAND PARK DR. 1 blk. W of 141st Olive. 265-9408

1789 Schoettler Valley, 4 BR/2.5 BA, 2 shv home, 2 car gar., neutral decor., 1615, show's like a new home. Easy access to Hwy 40. 775-7779

2244 Ridgely Woods, in Clarkson Valley, 4 BR/2.5 BA, 2 shv home with 1 acre wooded, oversized gar. 1850, 275-7779

COLDWELL BANKER
RS PROPERTY MGMT
1594 Duxbury Way, 2500 Sq. Ft., 2-shv, 4 BR, 2 1/2 BA, c/a, neutral colors, ceiling fans, W/B fireplace, tile fl., 2 car gar., hardwood deck, 5 mins to Hwy 40. Pkwy Schs. Walk to school. Avail. immed. 515-0100 225-6711

Adelman Realty
2 BR, 2 BA Home, L.R. DR, r/pk, fenced yd, deck, garage, cross from park, convenient location to 70 & 270, 1600 plus sec dep. avail. 8/1/97. 240-7410

NEWLY RENOVATED 1 BR,
1 bath, hardwood floors, off street parking, beautiful water furnished 575

P.P.M., INC. 781-0303
(Blocks from Clayton) Clean updated 2 BR, hardwood floors, tile, brick, lighting, off street parking and more. 5475
COHEN PROP 845-1927/91-7948

1700 sq. ft. 3 BR apt., walking distance to Clayton, 2 car gar., washer/dryer provided, h.w. flrs., cathedral ceilings, modern kitchen, 11/20/00. Avail. 9/1/97. 725-9332

THE MOORLANDS
2 BR, 1 BA, 1/2 car, in-bm, new kitchen, appliances, a/c, 575/mo. 110 ROBERTS RE 718-0000 ext. 110 ROBERTS RE

1 BR/APT, 7500 York Dr., modern kitchen/c/a, carpeted, no pets, 575/mo. 727-5377

2 BR/APT, 7500 York Dr., modern kitchen/c/a, carpeted, no pets, 575/mo. 727-5377

GUARDS RLT, 727-5377
Luxury Clayton, 2 BR, 1 BA, w/d, washer, dryer, 575/mo. 11/20/00. Avail. 9/1/97. 725-9332

SPECTACULAR 2000 sq. ft. 3 BR, 2 BA, c/a & heat, gar., r/pk, 1st fl. fr. de, plex, 11450. Avail. 9/1/97. 727-2533

Student Special
By Clayton - Renovated 1 & 2 BDRM. 447-4332 or 430-6334

Beautifully renovated 1 BR apt.
with kitchen, 1st fl. fr. de, 11/20/00. Avail. 9/1/97. 727-5377

Markov Agency, 727-5377
NEAR Clayton, lovely 1 BR, sub-lease, washer/dryer, 575/mo. 11/20/00. Avail. 9/1/97. 727-5377

SUB-LEASE Aug. 5 Sept. w/d, extra large 1 BR apt. 170 & 48, special deal, 575-7779

44XX Clayton Rd., Deluxe 1 BR apt., 11/20/00. Avail. 9/1/97. 727-5377

75XX OXFORD, 3 BR, 2 ba, apt. 575/mo. 414-2820

75XX PARKDALE, Lovely 2 BDRM, apt. dirrm, hwd, flrs, appliances, car. 1850, 781-6008

3 BR Deck Yard Apts 5435 916-5148 HMX chp 716-5148 (B-1)
See our ad under U. City, 7450 DELMAR, Apt. 104, 725-9332

3375—Real Estate
3 BR, 2 ba, 2 car, dirrm, 11/20/00. Avail. 9/1/97. 727-5377

2 BR condo w/appl, 2 car, 540/mo. 540-5500

12XX WADSWORTH 3 BR, 2 shv, 141st Olive. 265-9408

1538 VILLA HILL Lane - 5 BR, 2 shv, lots of elegance & space, 2 car gar., r/pk, full bsm., screened porch 32500. Gundaker Property Mgt. 794-1400

XX Williamsburg, Executive home, 4 BR/2 1/2 BA, large rooms, 4-1/2 52000. 775-7779

COLDWELL BANKER
RS PROPERTY MGMT
Ranch, 3 br, 2 ba, 1/2 car, formal fr. & din rms, part. j.c.a. bsm., 2 car gar., next to J.C.A. Quaker Anne Subd. 5105/mo. 227-1336

3 BR, 2 ba, house, hardwood flrs, full bsm., fully renovated, 1570/mo. Prime Realty, 521-4140

Adelman Realty
2 BR, 2 BA Home, L.R. DR, r/pk, fenced yd, deck, garage, cross from park, convenient location to 70 & 270, 1600 plus sec dep. avail. 8/1/97. 240-7410

NEWLY RENOVATED 1 BR,
1 bath, hardwood floors, off street parking, beautiful water furnished 575

P.P.M., INC. 781-0303
(Blocks from Clayton) Clean updated 2 BR, hardwood floors, tile, brick, lighting, off street parking and more. 5475
COHEN PROP 845-1927/91-7948

1700 sq. ft. 3 BR apt., walking distance to Clayton, 2 car gar., washer/dryer provided, h.w. flrs., cathedral ceilings, modern kitchen, 11/20/00. Avail. 9/1/97. 725-9332

THE MOORLANDS
2 BR, 1 BA, 1/2 car, in-bm, new kitchen, appliances, a/c, 575/mo. 110 ROBERTS RE 718-0000 ext. 110 ROBERTS RE

1 BR/APT, 7500 York Dr., modern kitchen/c/a, carpeted, no pets, 575/mo. 727-5377

2 BR/APT, 7500 York Dr., modern kitchen/c/a, carpeted, no pets, 575/mo. 727-5377

GUARDS RLT, 727-5377
Luxury Clayton, 2 BR, 1 BA, w/d, washer, dryer, 575/mo. 11/20/00. Avail. 9/1/97. 725-9332

SPECTACULAR 2000 sq. ft. 3 BR, 2 BA, c/a & heat, gar., r/pk, 1st fl. fr. de, plex, 11450. Avail. 9/1/97. 727-2533

Student Special
By Clayton - Renovated 1 & 2 BDRM. 447-4332 or 430-6334

Beautifully renovated 1 BR apt.
with kitchen, 1st fl. fr. de, 11/20/00. Avail. 9/1/97. 727-5377

Markov Agency, 727-5377
NEAR Clayton, lovely 1 BR, sub-lease, washer/dryer, 575/mo. 11/20/00. Avail. 9/1/97. 727-5377

SUB-LEASE Aug. 5 Sept. w/d, extra large 1 BR apt. 170 & 48, special deal, 575-7779

44XX Clayton Rd., Deluxe 1 BR apt., 11/20/00. Avail. 9/1/97. 727-5377

75XX OXFORD, 3 BR, 2 ba, apt. 575/mo. 414-2820

75XX PARKDALE, Lovely 2 BDRM, apt. dirrm, hwd, flrs, appliances, car. 1850, 781-6008

3 BR Deck Yard Apts 5435 916-5148 HMX chp 716-5148 (B-1)
See our ad under U. City, 7450 DELMAR, Apt. 104, 725-9332

3375—Real Estate
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2 BR condo w/appl, 2 car, 540/mo. 540-5500

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1538 VILLA HILL Lane - 5 BR, 2 shv, lots of elegance & space, 2 car gar., r/pk, full bsm., screened porch 32500. Gundaker Property Mgt. 794-1400

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COLDWELL BANKER
RS PROPERTY MGMT
Ranch, 3 br, 2 ba, 1/2 car, formal fr. & din rms, part. j.c.a. bsm., 2 car gar., next to J.C.A. Quaker Anne Subd. 5105/mo. 227-1336

3 BR, 2 ba, house, hardwood flrs, full bsm., fully renovated, 1570/mo. Prime Realty, 521-4140

Adelman Realty
2 BR, 2 BA Home, L.R. DR, r/pk, fenced yd, deck, garage, cross from park, convenient location to 70 & 270, 1600 plus sec dep. avail. 8/1/97. 240-7410

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1 bath, hardwood floors, off street parking, beautiful water furnished 575

P.P.M., INC. 781-0303
(Blocks from Clayton) Clean updated 2 BR, hardwood floors, tile, brick, lighting, off street parking and more. 5475
COHEN PROP 845-1927/91-7948

1700 sq. ft. 3 BR apt., walking distance to Clayton, 2 car gar., washer/dryer provided, h.w. flrs., cathedral ceilings, modern kitchen, 11/20/00. Avail. 9/1/97. 725-9332

THE MOORLANDS
2 BR, 1 BA, 1/2 car, in-bm, new kitchen, appliances, a/c, 575/mo. 110 ROBERTS RE 718-0000 ext. 110 ROBERTS RE

1 BR/APT, 7500 York Dr., modern kitchen/c/a, carpeted, no pets, 575/mo. 727-5377

2 BR/APT, 7500 York Dr., modern kitchen/c/a, carpeted, no pets, 575/mo. 727-5377

GUARDS RLT, 727-5377
Luxury Clayton, 2 BR, 1 BA, w/d, washer, dryer, 575/mo. 11/20/00. Avail. 9/1/97. 725-9332

SPECTACULAR 2000 sq. ft. 3 BR, 2 BA, c/a & heat, gar., r/pk, 1st fl. fr. de, plex, 11450. Avail. 9/1/97. 727-2533

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By Clayton - Renovated 1 & 2 BDRM. 447-4332 or 430-6334

Beautifully renovated 1 BR apt.
with kitchen, 1st fl. fr. de, 11/20/00. Avail. 9/1/97. 727-5377

Markov Agency, 727-5377
NEAR Clayton, lovely 1 BR, sub-lease, washer/dryer, 575/mo. 11/20/00. Avail. 9/1/97. 727-5377

SUB-LEASE Aug. 5 Sept. w/d, extra large 1 BR apt. 170 & 48, special deal, 575-7779

44XX Clayton Rd., Deluxe 1 BR apt., 11/20/00. Avail. 9/1/97. 727-5377

75XX OXFORD, 3 BR, 2 ba, apt. 575/mo. 414-2820

75XX PARKDALE, Lovely 2 BDRM, apt. dirrm, hwd, flrs, appliances, car. 1850, 781-6008

3 BR Deck Yard Apts 5435 916-5148 HMX chp 716-5148 (B-1)
See our ad under U. City, 7450 DELMAR, Apt. 104, 725-9332

3375—Real Estate
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**TAX CERTIFICATE AS TO ARBITRAGE AND
THE PROVISIONS OF SECTIONS 103 AND 141-150 OF
THE INTERNAL REVENUE CODE OF 1986**

Appendix I

Definitions

Bond Counsel shall mean Nixon Peabody LLP and the Hardwick Law Firm, LLC or any other law firm appointed by the City, having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

Bond Year shall mean each one year period that ends on June 1 of each year.

Bond Yield shall have the meaning set forth in Section III of the Tax Certificate.

Code shall mean the Internal Revenue Code of 1986, as amended.

Commingled Fund shall mean any fund or account containing both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

Computation Date shall mean each date on which the rebate for an issue is computed.

Computation Date Credit shall mean with respect to an issue a credit of \$1,000 against the rebatable arbitrage on (i) the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of an issue subject to the Rebate Requirement; and (ii) the final maturity date for an issue.

Computation Period shall mean the period between Computation Dates. The first Computation Period begins on the date hereof and ends on the first Computation Date. Each succeeding Computation Period begins on the date immediately following the Computation Date and ends on the next Computation Date.

Gross Proceeds shall mean any Proceeds or Replacement Proceeds of an issue.

Investment Proceeds shall mean any amounts actually or constructively received from investing Proceeds of an issue.

Investment Property shall mean any security or obligation within the meaning of Section 148(b)(2) of the Code, any annuity contract, any interest in any residential rental property for family units which is not located within the jurisdiction of the issuer, any "specified private activity bond" within the meaning of Section 57(a)(5)(C), and any other Investment-Type Property.

Investment-Type Property includes any property that is held principally as a passive vehicle for the production of income. A prepayment for property or services is Investment-Type Property if a principal purpose for prepaying is to receive an investment return from the time the prepayment is made until the time payment otherwise would be made. A prepayment is not Investment-Type Property if (i) the prepayment is made for a substantial business purpose other than investment return and the issuer has no commercially reasonable alternative to the prepayment; and (ii) prepayments on substantially the same terms are made by a substantial percentage of persons who are similarly situated to the issuer but who are not beneficiaries of tax-exempt financing.

Multipurpose Issue shall mean an issue that is used for two or more separate governmental purposes.

Net Proceeds shall mean, with respect any issue, the Proceeds of such issue reduced by amounts in a reasonably required reserve or replacement Fund.

Net Sale Proceeds shall mean Sale Proceeds, less the portion of those Sale Proceeds invested in a reasonably required reserve or replacement fund.

Nonpurpose Investment shall mean any Investment Property that is not a Purpose Investment.

Nonpurpose Payment shall mean:

- i. amounts actually or constructively paid to acquire a Nonpurpose Investment (or treated as paid to a Commingled Fund);
- ii. in the case of a Nonpurpose Investment that is first allocated to an issue on a date after it is actually acquired (e.g., an investment that becomes allocable to Transferred Proceeds or to Replacement Proceeds) or that becomes subject to the Rebate Requirement on a date after it is actually acquired (e.g., an investment allocated to a reasonably required reserve or replacement fund for a construction issue at the end of the two year spending period), the Value of that investment on that date;
- iii. in the case of a Nonpurpose Investment that was allocated to an issue at the end of the preceding Computation Period, the Value of that Nonpurpose Investment at the beginning of the Computation Period; and
- iv. the Computation Date Credit.

Nonpurpose Receipt shall mean:

- i. amounts actually or constructively received from a nonpurpose Investment (including amounts treated as received from a Commingled Fund);

ii. in the case of a Nonpurpose Investment that ceases to be allocated to an issue before its disposition or redemption date (e.g., an investment that becomes allocable to Transferred Proceeds of another issue or that ceases to be allocable to the issue pursuant to the Universal Cap) or that ceases to be subject to the Rebate Requirement on a date earlier than its disposition or redemption date (e.g., an investment allocated to a fund initially subject to the Rebate Requirement but that subsequently qualifies as a bona fide debt service fund), the Value of that Nonpurpose Investment on that date; and

iii. in the case of a Nonpurpose Investment that is held at the end of a Computation Period, the Value of that Nonpurpose Investment at the end of that Computation Period.

Plain Par Bond (or Plain Par Investment) shall mean a bond (or an investment) (i) issued (or in the case of an investment acquired on a date other than the issue date, acquired) with not more than a de minimis amount (i.e., two percent of stated principal amount) of original issue discount or original issue premium; (ii) issued for a price that does not include accrued interest, other than Pre-Issuance Accrued Interest; (iii) that bears interest from the issue date at a single, stated, fixed rate or that is a variable rate debt instrument under section 1275 of the Code, in each case with interest payable at least annually; and (iv) that has a lowest stated redemption price that is not less than its outstanding principal amount.

Pre-Issuance Accrued Interest shall mean amounts representing interest that has accrued on an obligation for a period of not greater than one year before its issue date but only if those amounts are paid within one year after the Delivery Date or the Forward Delivery Date, as applicable.

Proceeds shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds of an issue.

Purpose Investment shall mean an investment that is acquired to carry out the governmental purpose of an issue.

Qualified Administrative Costs shall mean reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage and selling commissions that are comparable to those charged nongovernmental entities in transactions not involving tax-exempt bond proceeds, but not legal and accounting fees, recordkeeping, custody or similar costs. For special rules relating to guaranteed investment contracts and investments purchased for a yield restricted defeasance escrow, see Treasury Regulation Section 1.148-5(e)(2)(iii).

Rebate Bond Yield shall mean the Bond Yield unless:

i. the issuer enters into a hedge transaction (e.g., interest rate swap, interest rate cap or collar) which has not been taken into account in computing the Bond Yield, in which case the issuer shall consult with Bond Counsel for guidance in determining the Rebate Bond Yield; or

ii. the issuer, in a transaction that is separate and apart from the original sale of an issue, transfers, waives or modifies any right that is part of the terms of an issue (e.g., a sale of the call rights on an issue). The issuer shall consult with Bond Counsel prior to entering into any such transaction and for guidance in determining the Rebate Bond Yield.

Rebate Requirement shall have the meaning ascribed thereto in Section 4 of the Tax Certificate.

Replacement Proceeds shall mean amounts that have a sufficiently direct nexus to an issue to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the issue were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds include, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal of or interest on an issue if there is reasonable assurance that the amount will be available for such purposes in the event that the issuer encounters financial difficulties.

Sale Proceeds shall mean any amounts actually or constructively received by the issuer from the sale of an issue, including amounts used to pay underwriters' discount or compensation and interest other than Pre-Issuance Accrued Interest.

Spendable Proceeds shall mean Net Sale Proceeds.

Treasury Regulations shall mean the Treasury Regulations contained in Sections 1.148-0 through 1.148-11, inclusive, 1.149(b)-1, 1.149(d)-1 and 1.149(g)-1, and 1.150-1 and 1.150-2 as published on June 14, 1993 and to the extent applicable, any subsequent amendments to such regulations or any successor regulations.

Universal Cap shall mean the value of all then outstanding bonds of the issue.

Value (of a Bond) shall mean with respect to a bond issued with not more than two percent original issue discount or original issue premium, the outstanding principal amount, plus accrued unpaid interest; for any other bond, its present value.

Value (of an Investment) shall have the following meaning in the following circumstances:

i. **General Rules.** Subject to the special rules in the following paragraph, an issuer may determine the value of an investment on a date using one of the following valuation methods consistently applied for all purposes relating to arbitrage and rebate with respect to that investment on that date:

(I) an investment with not more than two percent original issue discount or original issue premium may be valued at its outstanding stated principal amount, plus accrued unpaid interest;

(II) a fixed rate investment may be valued at its present value;

(III) an investment may be valued at its fair market value on a date.

ii. Special Rules. Yield restricted investments are to be valued at present value provided that (except for purposes of allocating transferred proceeds to an issue, for purposes of the universal cap and for investments in a commingled fund other than a bona fide debt service fund unless it is a certain commingled fund):

(I) an investment must be valued at its fair market value when it is first allocated to an issue, when it is disposed of and when it is deemed acquired or deemed disposed of, and provided further that;

(II) in the case of transferred proceeds, the value of a nonpurpose investment that is allocated to transferred proceeds of a refunding issue on a transfer date may not exceed the value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

Appendix II

Rebate Requirement

(a) Generally. Section 148(f) of the Code requires that certain earnings on Nonpurpose Investments allocable to the Gross Proceeds of an issue be paid to the United States to prevent the bonds of the issue from being arbitrage bonds. The arbitrage that must be rebated is based on the difference between the amount actually earned on Nonpurpose Investments and the amount that would have been earned if those investments had a yield equal to the yield on the issue. As of any date, the rebate amount for an issue is the excess of the future value, as of that date, of all receipts on Nonpurpose Investments over the future value, as of that date, of all payments on Nonpurpose Investments. The future value of a payment or receipt at the end of any period is determined using the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the yield on the issue, using the same compounding interval and financial conventions used to compute that yield.

(b) Computation Dates (Other than the Final Computation Date).

(1) Fixed Yield Issues. For a fixed yield issue, an issuer may treat any date as a Computation Date.

(2) Variable Yield Issues. For a variable yield issue, an issuer may treat the last day of any Bond Year that is not later than five years from the Delivery Date as a Computation Date and may not change that treatment after the first rebate payment, if any, is due. After the first rebate payment, if any, is due, an issuer must consistently treat either the end of each Bond Year or the end of each fifth Bond Year as Computation Dates and may not change these Computation Dates after the first rebate payment, if any, is due.

(c) Final Computation Date. The date that an issue is discharged is the Final Computation Date. For an issue retired within three years of its Delivery Date, however, the Final Computation Date need not occur before the end of 8 months after the Delivery Date or during the period in which the issuer reasonably expects that any of the spending exceptions to the rebate requirement will apply to the issue.

(d) Amount of Required Rebate. For Computation Dates other than the Final Computation Date, an issuer must rebate an amount that when added to the future value, as of that Computation Date, of previous rebate payments made for the issue, equals at least 90 percent of the rebate amount as of that date. For the Final Computation Date, a final rebate payment must be paid in an amount that, when added to the future value of previous rebate payments made for the issue, equals 100 percent of the rebate amount as of that date.

(e) Time and Manner of Payment. Each rebate payment must be paid no later than 60 days after the Computation Date to which the payment relates. Any rebate payment paid within this 60-day period may be treated as paid on the Computation Date to which it relates. Each payment made pursuant to this Appendix III shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, and shall be accompanied by Form 8038-T.

(f) Penalty in Lieu of Loss of Tax Exemption. The failure to pay the correct rebate amount when required will cause the bonds of the issue to be arbitrage bonds, unless the Commissioner determines that the failure was not caused by willful neglect and the issuer promptly pays a penalty to the United States. If no bond of the issue is a private activity bond (other than a qualified 501(c)(3) bond), the penalty equals 50 percent of the rebate amount not paid when required to be paid, plus interest on that amount. Otherwise, the penalty equals 100 percent of the rebate amount not paid when required to be paid, plus interest on that amount. Interest accrues at the underpayment rate under Section 6621 of the Code, beginning on the date the correct rebate amount is due and ending on the date 10 days before it is paid. The penalty is automatically waived if the rebate amount that the issuer failed to pay plus interest is paid within 180 days after discovery of the failure, unless the Commissioner determines that the failure was due to willful neglect, or the issue is under examination by the Commissioner at any time during the period beginning on the date the failure first occurred and ending on the date 90 days after the receipt of the rebate amount. Generally, extensions of this 180-day period and waivers of the penalty in other cases will be granted by the Commissioner only in unusual circumstances.

(g) Recovery of Overpayment of Rebate. An issuer may recover an overpayment of a rebate amount for an issue of bonds by establishing to the satisfaction of the Commissioner that the overpayment occurred. An overpayment is the excess of the amount paid to the United States for an issue under Section 148 over the sum of the rebate amount for the issue as of the most recent Computation Date and all amounts that are otherwise required to be paid under Section 148 as of the date the recovery is requested. Notwithstanding the preceding sentence, an overpayment may be recovered only to the extent that a recovery on the date that it is first requested would not result in an additional rebate amount if that date were treated as a Computation Date. Furthermore, except for overpayments in certain limited circumstance, an overpayment of less than \$5,000 may not be recovered before the Final Computation Date.

(h) Recordkeeping Requirement. An issuer must retain records of the determination of its Rebate Requirement until six years after the retirement of the last obligation of the issue.

Appendix III

Allocation and Accounting Rules

(a) **General Rule.** An issuer may use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments and expenditures of an issue. An accounting method is “consistently applied” if it is applied uniformly within a Fiscal Period and between Fiscal Periods to account for Gross Proceeds of an issue and any amounts that are in a commingled fund.

(b) **Allocation of Gross Proceeds to an Issue.** Amounts are allocable to only one issue at a time as Gross Proceeds. Amounts cease to be allocated to an issue as Proceeds only when those amounts (i) are allocated to an expenditure for a governmental purpose; (ii) are allocated to transferred proceeds of another issue of obligations; or (iii) cease to be allocated to that issue at retirement of the issue or under the Universal Cap.

(c) **Allocation of Gross Proceeds to Investments.** Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the fair market value of the Nonpurpose Investment as of the purchase or sale date. The fair market value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment.

(d) **Allocation of Gross Proceeds to Expenditures.** Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include a “specific tracing” method, a “gross-proceeds-spent-first” method, a “first-in-first-out” method or a ratable allocation method, so long as the method used is consistently applied. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than five banking days after the date as of which the allocation of Gross Proceeds to the expenditure is made. An issuer must account for the allocation of Gross Proceeds to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the Project is placed in service. This allocation must be made in any event by the date 60 days after the fifth anniversary of the issue date or the date 60 days after the retirement of the issue, if earlier.

(e) **Commingled Funds.** Any fund or account that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of the funds deposited therein, constitutes a “commingled fund.” All payments and receipts (including deemed payments and receipts) on investments held by a commingled fund must be allocated (but not necessarily distributed) among each different source of funds invested in the commingled fund in accordance with a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i) the average daily balances of the

amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the “**Fiscal Period**”); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

Generally a commingled fund must treat all its investments as if sold at fair market value either on the last day of the fiscal year or on the last day of each Fiscal Period. The net gains or losses from these deemed sales of investments must be allocated to each different source of funds invested in the commingled fund during the period since the last allocation. This mark-to-market requirement does not apply if (i) the remaining weighted average maturity of all investments held by a commingled fund during a particular fiscal year does not exceed 18 months, and the investments held by the commingled fund during that fiscal year consist exclusively of obligations; or (ii) the commingled fund operated exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the same issuer. Subject to the Universal Cap limitation, and the principle that amounts are allocable to only one issue at a time as Gross Proceeds, investments held by a commingled fund that serves as a common reserve fund, replacement fund or sinking fund must be allocated ratably among the issues served by the commingled fund in proportion to either (i) the relative values of the bonds of those issues; (ii) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (iii) the relative original stated principal amounts of the outstanding issues.

(f) Universal Cap. Amounts that would otherwise be Gross Proceeds allocable to an issue are allocated (and remain allocated) to the issue only to the extent that the Value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the Value of all outstanding bonds of the issue. Nonpurpose Investments allocated to Gross Proceeds in a bona fide debt service fund for an issue are not taken into account in determining the Value of the Nonpurpose Investments, and those Nonpurpose Investments remain allocated to the issue. To the extent that the Value of the Nonpurpose Investments allocable to the Gross Proceeds of an issue exceed the Value of all outstanding bonds of that issue, an issuer should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.

(g) Expenditure for Working Capital Purposes. Subject to certain exceptions, the Proceeds of an issue may only be allocated to “working capital expenditures” as of any date to the extent that those expenditures exceed “available amounts” as of that date (i.e., “proceeds-spent-last”).

For purposes of this section, “working capital expenditures” include all expenditures other than “capital expenditures.” “Capital expenditures” are costs of a type properly chargeable (or chargeable upon proper election) to a capital account under general Federal income tax

principles. Such costs include, for example, costs incurred to acquire, construct, or improve land, buildings and equipment having a reasonably expected useful life in excess of one year. Thus, working capital expenditures include, among other things, expenditures for current operating expenses and debt service.

For purposes of this section, “available amount” means any amount that is available to an issuer for working capital expenditure purposes of the type financed by the issue. Available amount excludes Proceeds of the issue but includes cash, investments and other amounts held in accounts or otherwise by an issuer for working capital expenditures of the type being financed by the issue without legislative or judicial action and without a legislative, judicial, or contractual requirement that those amounts be reimbursed. Notwithstanding the preceding sentence, a “reasonable working capital reserve” is treated as unavailable. A working capital reserve is reasonable if it does not exceed five percent of the actual working capital expenditures of an issuer in the fiscal year before the year in which the determination of available amounts is made. For purpose of the preceding sentence only, in determining the working capital expenditures of an issuer for a prior fiscal year, any expenditures (whether capital or working capital expenditures) that are paid out of current revenues may be treated as working capital expenditures.

The proceeds-spent-last requirement does not apply to expenditures to pay (i) any qualified administrative costs; (ii) fees for qualified guarantees of the issue or payments for a qualified hedge for the issue; (iii) interest on the issue for a period commencing on the Delivery Date and ending on the date that is the later of three years from the Delivery Date or one year after the date on which the financed project is placed in service; (iv) the United States for yield reduction payments (including rebate payments) or penalties for the failure to meet the spend down requirements associated with certain spending exceptions to the rebate requirement; (v) costs, other than those described in (i) through (iv) above, that do not exceed five percent of the Sale Proceeds of an issue and that are directly related to capital expenditures financed by the issue (e.g., initial operating expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or investment proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest, or redemption premium on a prior issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the preceding paragraph, the exceptions described above do not apply if the allocation merely substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

Appendix IV

Value of Investments

(a) Fair Market Value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (i.e., the trade date rather than the settlement date). An investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(b) Certificates of Deposit. A certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal shall be treated as purchased at its fair market value if the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(c) Guaranteed Investment Contracts and Defeasance Escrows. The purchase price of a guaranteed investment contract and a yield restricted defeasance escrow will be treated as its fair market value if:

(1) the purchaser makes a bona fide solicitation for the purchase of the investment;

(2) the purchaser receives at least three bids from providers that the purchaser solicited under the bona fide solicitation for the investment and that have no material financial interest in the Bonds (e.g., a lead underwriter during the period ending 15 days after the issuance of the Bonds, a financial advisor with respect to the investment, or a related person) and at least one of such bids is from a reasonably competitive provider (as defined below);

(3) if the purchaser uses an agent to conduct the bidding process, the agent did not bid on the investment;

(4) the winning bid—

(i) in the case of a guaranteed investment contract, is the highest yielding bona fide bid (net of broker's fees); and

(ii) in the case of a yield restricted defeasance escrow, (A) is the lowest cost bona fide bid (including broker's fees), determined either for the entire portfolio or on an investment-by-investment basis and determined taking into account any payments received by the purchaser from a provider for a

guaranteed investment contract for a yield restricted defeasance escrow acquired under these bidding procedures; and (B) has a cost (including any broker's fees) that is not greater than the cost of the most efficient portfolio of State and Local Government Series Securities ("SLGS"), determined at the time that the bids for the investment are required to be submitted (unless the sale of SLGS has been suspended as of such time, in which case this requirement shall not apply); and

(5) the provider of the guaranteed investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract;

(d) **Bona Fide Solicitation.** For purposes of paragraph (c) above, a bona fide solicitation is a solicitation that satisfies each of the following requirements:

(1) the bid specifications are provided, in writing and setting forth all of the material terms of the bid, to potential providers in a timely manner;

(2) the terms of the bid specifications must be commercially reasonable (that is, there must be a legitimate governmental purpose for each of the terms other than to increase the purchase price or reduce the yield) and, for a guaranteed investment contract, must include the purchaser's reasonably expected deposit and drawdown schedule;

(3) all potential providers have an equal opportunity to bid (e.g., no "last looks");

(4) solicitations are made of at least three reasonably competitive providers (defined as providers having an established industry reputation as a competitive provider of the type of investment being purchased); and

(5) the specifications include a statement notifying potential providers that the submission of a bid is a representation that the provider did not consult with any other provider about its bid, that the bid was determined without regard to any other agreement that the provider has with the purchaser or any other person, and that the bid is not being submitted solely as a courtesy to the purchaser or any other person for purposes of satisfying the requirements of paragraphs (c) or (d).

The issuer shall maintain records adequate to determine the fair market value of the investments described above. With respect to a guaranteed investment contract or a yield restricted defeasance escrow the issuer shall maintain:

(i) a copy of the investment contract, purchase agreement, or confirmation,

(ii) the receipt or other record of the amount actually paid for the investments, including records of any administrative costs paid by the purchaser and the certification of the investment provider of the administrative costs paid to third parties in connection with the investment,

(iii) for each bid submitted, the name of the person and entity bidding, the term and date of the bid, and the bid results,

(iv) the bid solicitation form and an explanation of any deviations in the terms of the investment from the solicitation form, and

(v) for a yield restricted defeasance escrow, the cost of the most efficient portfolio of SLGS (as defined below), determined at the time that the bids were required to be submitted under the terms of the bid specifications.

The issuer shall retain records of the determinations required until six years after the Final Computation Date or for such other period as the Treasury Department may, by regulations or rulings, provide.

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garvinm@stlouis-mo.gov
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Appendix V

Spending Exceptions to Rebate

(a) **Generally.** All, or certain discrete portions, of an issue are treated as meeting the Rebate Requirement if one or more of the spending exceptions set forth in this Appendix are satisfied. Use of the spending exceptions is not mandatory, except that where an issuer elects to apply the 1-1/2 percent penalty (as described below) the issuer must apply that penalty to the Construction Issue. An issuer may apply the Rebate Requirement to an issue that otherwise satisfies a spending exception. Special definitions relating to the spending exceptions are contained in section (h) of this Appendix.

Where several obligations that otherwise constitute a single issue are used to finance two or more separate governmental purposes, the issue constitutes a “multipurpose issue” and the bonds, as well as their respective proceeds, allocated to each separate purpose may be treated as separate issues for purposes of the spending exceptions. In allocating an issue among its several separate governmental purposes, “common costs” are generally not treated as separate governmental purposes and must be allocated ratably among the discrete separate purposes unless some other allocation method more accurately reflects the extent to which any particular separate discrete purpose enjoys the economic benefit (or bears the economic burden) of the certain common costs (e.g., a newly funded reserve for a parity issue that is partially new money and partially a refunding for savings on prior bonds).

Separate purposes include refunding a separate prior issue, financing a separate Purpose Investment (e.g., a separate loan), financing a Construction Issue, and any clearly discrete governmental purpose reasonably expected to be financed by the issue. In addition, as a general rule, all integrated or functionally related capital projects qualifying for the same initial temporary period (e.g., three years) are treated as having a single governmental purpose. Finally, separate purposes may be combined and treated as a single purpose if the proceeds are eligible for the same initial temporary period (e.g., advance refundings of several separate prior issues could be combined, or several non-integrated and functionally unrelated capital projects such as airport runway improvements and a water distribution system).

The spending exceptions described in this Appendix are applied separately to each separate issue component of a multipurpose issue unless otherwise specifically noted.

(b) **Six-Month Exception.** An issue is treated as meeting the Rebate Requirement under this exception if (i) the gross proceeds of the issue are allocated to expenditures for the governmental purposes of the issue within the six-month period beginning on the issue date (the “**six-month spending period**”) and (ii) the Rebate Requirement is met for amounts not required to be spent within the six-month spending period (excluding earnings on a bona fide debt service fund). For purposes of the six-month exception, “gross proceeds” means Gross Proceeds other than amounts (i) in a bona fide debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the six-month spending period, (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury

Regulation Section 1.148-6(d)(4)) financed by the issue. In the case of an issue no bond of which is a private activity bond (other than a qualified 501(c)(3) bond) or a tax or revenue anticipation bond, the six-month spending period is extended for an additional six months for the portion of the proceeds of the issue which are not expended within the six-month spending period if such portion does not exceed the lesser of five percent of the Proceeds of the issue or \$100,000.

(c) 18-Month Exception. An issue is treated as meeting the Rebate Requirement under this exception if all of the following requirements are satisfied:

(i) the gross proceeds are allocated to expenditures for a governmental purpose of the issue in accordance with the following schedule (the “**18-month expenditure schedule**”) measured from the issue date: (A) at least 15 percent within six months, (B) at least 60 percent within 12 months and (C) 100 percent within 18 months;

(ii) the Rebate Requirement is met for all amounts not required to be spent in accordance with the 18-month expenditure schedule (other than earnings on a bona fide debt service fund); and

(iii) all of the gross proceeds of the issue qualify for the initial temporary period under Treasury Regulation Section 1.148-2(e)(2).

For purposes of the 18-month exception, “gross proceeds” means Gross Proceeds other than amounts (i) in a bona fide debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the 18-month expenditure schedule, (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury Regulation Section 1.148-6(d)(4)) financed by the issue. In addition, for purposes of determining compliance with the first two spending periods, the investment proceeds included in gross proceeds are based on the issuer’s reasonable expectations as of the issue date rather than the actual Investment Proceeds; for the third, final period, actual Investment Proceeds earned to date are used in place of the reasonably expected earnings. An issue does not fail to satisfy the spending requirement for the third spending period above as a result of a Reasonable Retainage if the Reasonable Retainage is allocated to expenditures within 30 months of the issue date. The 18-month exception does not apply to an issue any portion of which is treated as meeting the Rebate Requirement as a result of satisfying the two-year exception.

(d) Two-Year Exception. A Construction Issue is treated as meeting the Rebate Requirement for Available Construction Proceeds under this exception if those proceeds are allocated to expenditures for governmental purposes of the issue in accordance with the following schedule (the “**two-year expenditure schedule**”), measured from the issue date:

(i) at least 10 percent within six months;

(ii) at least 45 percent within one year;

(iii) at least 75 percent within 18 months; and

(iv) 100 percent within two years.

An issue does not fail to satisfy the spending requirement for the fourth spending period above as a result of unspent amounts for Reasonable Retainage if those amounts are allocated to expenditures within three years of the issue date.

(e) Expenditures for Governmental Purposes of the Issue. For purposes of the spending exceptions, expenditures for the governmental purposes of an issue include payments for interest, but not principal, on the issue, and for principal or interest on another issue of obligations. The preceding sentence does not apply for purposes of the 18-month and two-year exceptions if those payments cause the issue to be a refunding issue.

(f) De Minimis Rule. Any failure to satisfy the final spending requirement of the 18-month exception or the two-year exception is disregarded if the issuer exercises due diligence to complete the project financed and the amount of the failure does not exceed the lesser of three percent of the issue price of the issue or \$250,000.

(g) Elections Applicable to the Two-Year Exception. An issuer may make one or more of the following elections with respect to the two-year spending exception:

(1) Earnings on Reasonably Required Reserve or Replacement Fund. An issuer may elect on or before the issue date to exclude from Available Construction Proceeds the earnings on any reasonably required reserve or replacement fund. If the election is made, the Rebate Requirement applies to the excluded amounts from the issue date.

(2) Actual Facts. For the provisions relating to the two-year exception that apply based on the issuer's reasonable expectations, an issuer may elect on or before the issue date to apply all of those provisions based on actual facts. This election does not apply for purposes of determining whether an issue is a Construction Issue if the 1-1/2 percent penalty in lieu of rebate election described in subsection (g)(4) of this Appendix is made.

(3) Separate Issue. For purposes of the two-year exception, if any proceeds of an issue are to be used for Construction Expenditures, the issuer may elect on or before the issue date to treat the portion of the issue that is not a refunding issue as two, and only two, separate issues, if (i) one of the separate issues is a Construction Issue, (ii) the issuer reasonably expects, as of the issue date, that such Construction Issue will finance all of the Construction Expenditures to be financed by the issue and (iii) the issuer makes an election to apportion the issue in which it identifies the amount of the issue price of the issue allocable to the Construction Issue.

(4) Penalty in Lieu of Rebate. An issuer of a Construction Issue may irrevocably elect on or before the issue date to pay a penalty (the "1-1/2 percent penalty") to the United States in lieu of the obligation to pay the rebate amount on Available Construction Proceeds upon failure to satisfy the spending requirements of the

two-year expenditure schedule. The 1-1/2 percent penalty is calculated separately for each spending period, including each semiannual period after the end of the fourth spending period, and is equal to 1.5 percent times the underexpended proceeds as of the end of the spending period. For each spending period, underexpended proceeds equal the amount of Available Construction Proceeds required to be spent by the end of the spending period, less the amount actually allocated to expenditures for the governmental purposes of the issue by that date. The 1-1/2 percent penalty must be paid to the United States no later than 90 days after the end of the spending period to which it relates. The 1-1/2 percent penalty continues to apply at the end of each spending period and each semiannual period thereafter until the earliest of the following: (i) the termination of the penalty under Treasury Regulation Section 1.148-7(l), (ii) the expenditure of all of the Available Construction Proceeds or (iii) the last stated final maturity date of bonds that are part of the issue and any bonds that refund those bonds. If an issue meets the exception for Reasonable Retainage except that all retainage is not spent within three years of the issue date, the issuer must pay the 1-1/2 percent penalty to the United States for any Reasonable Retainage that was not so spent as of the close of the three-year period and each later spending period.

(h) Special Definitions Relating to Spending Exceptions.

(1) Available Construction Proceeds shall mean, with respect to an issue, the amount equal to the sum of the issue price of the issue, earnings on such issue price, earnings on amounts in any reasonably required reserve or replacement fund not funded from the issue (subject to the election referred to in section (g)(1) of this Appendix) and earnings on all of the foregoing earnings, less the amount of such issue price in any reasonably required reserve or replacement fund and less the issuance costs financed by the issue. For purposes of this definition, earnings include earnings on any Tax-exempt Bond. Unless the issuer otherwise elects as described in Section (g)(2) of this Appendix, for the first three spending periods of the two-year expenditure schedule described in Treasury Regulation Section 1.148-7(e), Available Construction Proceeds include the amount of future earnings that the issuer reasonably expected as of the issue date. For the fourth spending period described in Treasury Regulation Section 1.148-7(e) and any subsequent date, as of which computations are made, Available Construction Proceeds include the actual earnings received to that date and earnings expected as of that date to be earned in the future. Earnings on any reasonably required reserve or replacement fund are Available Construction Proceeds only if the issuer did not elect to exclude such earnings pursuant to the election described in paragraph (g)(1) of this Appendix and only to the extent that those earnings accrue before the earlier of (i) the date construction is substantially completed or (ii) the date that is two years after the issue date. For this purpose, construction may be treated as substantially completed when the issuer abandons construction or when at least 90 percent of the total costs of the construction that the issuer reasonably expects as of such date will be financed with proceeds of the issue have been allocated to expenditures. If only a portion of the construction is abandoned, the date of substantial completion is the date that the non-abandoned portion of the construction is substantially completed.

(2) Construction Expenditures shall mean capital expenditures (as defined in Treasury Regulation Section 1.150-1) that are allocable to the cost of Real Property or Constructed Personal Property. Construction Expenditures do not include expenditures for acquisitions of interests in land or other existing Real Property.

(3) Construction Issue shall mean any issue that is not a refunding issue if (i) the issuer reasonably expects, as of the issue date, that at least 75 percent of the Available Construction Proceeds of the issue will be allocated to Construction Expenditures for property owned by a governmental unit or a 501(c)(3) organization and (ii) any private activity bonds that are part of the issue are qualified 501(c)(3) bonds or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization.

(4) Constructed Personal Property shall mean Tangible Personal Property or Specially Developed Computer Software if (i) a substantial portion of the property is completed more than six months after the earlier of the date construction or rehabilitation commenced and the date the issuer entered into an acquisition contract; (ii) based on the reasonable expectations of the issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to the issuer) could not have occurred within that six-month period; and (iii) if the issuer itself builds or rehabilitates the property, not more than 75 percent of the capitalizable cost is attributable to property acquired by the issuer.

(5) Real Property shall mean land and improvements to land, such as buildings or other inherently permanent structures, including interests in real property. For example, Real Property includes wiring in a building, plumbing systems, central heating or air-conditioning systems, pipes or ducts, elevators, escalators installed in a building, paved parking areas, roads, wharves and docks, bridges, and sewage lines.

(6) Reasonable Retainage shall mean an amount, not to exceed five percent of (i) Available Construction Proceeds as of the end of the two-year expenditure schedule (in the case of the two-year exception to the Rebate Requirement) or (ii) Net Sale Proceeds as of the end of the 18-month expenditure schedule (in the case of the 18-month exception to the Rebate Requirement), that is retained for reasonable business purposes relating to the property financed with the issue. For example, a Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the issuer reasonably determines that a dispute exists regarding completion or payment.

(7) Specially Developed Computer Software shall mean any programs or routines used to cause a computer to perform a desired task or set of tasks, and the documentation required to describe and maintain those programs, provided that the software is specially developed and is functionally related and subordinate to Real Property or other Constructed Personal Property.

(8) Tangible Personal Property shall mean any tangible property other than Real Property, including interests in tangible personal property. For example, Tangible Personal Property includes machinery that is not a structural component of a building, subway cars, fire trucks, automobiles, office equipment, testing equipment, and furnishings.

(i) Special Rules Relating to Refundings.

(1) Transferred Proceeds. In the event that a prior issue that might otherwise qualify for one of the spending exceptions is refunded, then for purposes of applying the spending exceptions to the prior issue, proceeds of the prior issue that become transferred proceeds of the refunding issue continue to be treated as unspent proceeds of the prior issue; if such unspent proceeds satisfy the requirements of one of the spending exceptions then they are not subject to rebate either as proceeds of the prior issue or of the refunding issue. Generally, the only spending exception applicable to refunding issues is the six-month exception. In applying the six-month exception to a refunding of a prior issue, only transferred proceeds of the refunding issue from a taxable prior issue and other amounts excluded from the definition of gross proceeds of the prior issue under the special definition of gross proceeds contained in section (b) above are treated as gross proceeds of the refunding issue and so are subject to the six-month exception applicable to the refunding issue.

(2) Series of Refundings. In the event that an issuer undertakes a series of refundings for a principal purpose of exploiting the difference between taxable and tax-exempt interest rates, the six-month spending exception is measured for all issues in the series commencing on the date the first bond of the series is issued.

(j) Elections Applicable to Pool Bonds. An issuer of a pooled financing issue can elect to apply the spending exceptions separately to each loan from the date such loan is made or, if earlier, on the date one year after the date the pool bonds are issued. In the event this election is made, no spending exceptions are available and the normal Rebate Requirement applies to Gross Proceeds prior to the date on which the applicable spending periods begin. In the event this election is made, the issuer may also elect to make all elections applicable to the two-year spending exception, described in section (g) above, separately for each loan; any such elections that must ordinarily be made prior to the issue date must then be made by the issuer before the earlier of the date the loan is made or one year after the issue date.

Appendix VI

Transferred Proceeds

(a) Operating Rule for Separating a Prior Issue into its Refunded and Unrefunded Portions. An issue of obligations, any portion of which is to be refunded (the "**Prior Issue**") by another issue (a "**Refunding Issue**"), may be separated into two pieces - the refunded piece of the Prior Issue (the "**Refunded Issue**") and the unrefunded piece of the Prior Issue (the "**Unrefunded Issue**"). To the extent that the Prior Issue is so separated, the Refunded Issue and Unrefunded Issue are treated as separate issues. The Refunded Issue is based on a fraction (i) the numerator of which is the principal amount of the Prior Issue to be paid with proceeds of the Refunding Issue and (ii) the denominator of which is the outstanding principal amount of the Prior Issue, each determined as of the issue date of the Refunding Issue. To the extent that a Prior Issue is partially refunded, the unspent proceeds of that Prior Issue are allocated ratably, as of the issue date of the Refunding Issue, between the Refunded Issue and the Unrefunded Issue and the investments allocable to those unspent proceeds are allocated in the manner required for the allocation of investments to Transferred Proceeds discussed in paragraph (c) below.

(b) In General. On each date that Proceeds of a Refunding Issue discharge any of the outstanding principal amount of a Prior Issue (a "**Transfer Date**"), proceeds of the Prior Issue which are unexpended on such date may become transferred proceeds of the Refunding Issue ("**Transferred Proceeds**") and cease to be proceeds of the Prior Issue. On a Transfer Date, subject to paragraph (c) below, the amount of unspent proceeds of the Prior Issue that become Transferred Proceeds of the Refunding Issue is an amount equal to the total unspent proceeds of the Prior Issue on the Transfer Date multiplied by a fraction - (i) the numerator of which is the principal amount of the Prior Issue being discharged with proceeds of the Refunding Issue on the Transfer Date; and (ii) the denominator of which is the total outstanding principal amount of the Prior Issue on the date immediately before the Transfer Date. For purpose of this section, "**principal amount**" means, in reference to a Plain Par Bond, its stated principal amount, and in reference to any other bond, its present value.

(c) Allocation. Investments of proceeds of the Prior Issue are allocated to the Transferred Proceeds by consistent application of either the ratable allocation method or the representative allocation method (except that proceeds of a Prior Issue that are held in a refunding escrow for another issue are allocated to Transferred Proceeds under the ratable allocation method). Under the ratable allocation method, a ratable portion of each investment of proceeds of the Prior Issue is allocated to Transferred Proceeds. Under the representative allocation method, representative portions of the portfolio of investments of proceeds of the Prior Issue are allocated to the Transferred Proceeds. Whether a portion is representative is based on all the facts and circumstances, including, without limitation, whether the current yields, maturities and current unrealized gains and losses on the particular allocated investments are reasonably comparable to those of the unallocated investments in the aggregate. In addition, if a portion of Nonpurpose Investments is otherwise representative, it is within the issuer's discretion to allocate the portion from whichever source of funds it deems appropriate.

(d) Reallocation. To the extent that the Value of the Nonpurpose Investments of the Proceeds of the Refunding Issue exceeds the Value of all outstanding bonds that are a part of the Refunding Issue on a Transfer Date, such excess is reallocated back to the issue from which it transferred on that same date to the extent of the unused Universal Cap on that Prior Issue. If the value of all Nonpurpose Investments allocated to the Gross proceeds of an issue exceeds the

Universal Cap on any Universal Cap computation date, Nonpurpose Investments allocable to Gross Proceeds necessary to eliminate that excess cease to be allocated to the issue in the following order of priority: (A) Nonpurpose Investments allocable to Replacement Proceeds; (B) Nonpurpose Investments allocable to Transferred Proceeds; and (C) Nonpurpose Investments allocable to Sale Proceeds and Investment Proceeds. The Value of Nonpurpose Investments and the Value of outstanding bonds shall be determined as provided in the Appendix entitled "General Definitions".

(e) Application. On the Transfer Date, the issuer shall value all Investment Property in which unspent proceeds of the Prior Issue are then invested, shall compute the amounts and sources of Transferred Proceeds, and shall comply with all applicable arbitrage yield restrictions and rebate requirements thereafter applicable to such amounts. To the extent that Nonpurpose Investments cease to be allocated to the Refunding Issue, other Nonpurpose Investments are so allocated, to the extent of the unused Universal Cap.

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garvinm@stlouis-mo.gov
2020-01-16 13:59:27 +0000

Appendix VII

De Minimis Private Business Use Exceptions

(1) Long-term arrangements not treated as general public use. An arrangement is not treated as general public use if the term of the use under the arrangement, including all renewal options, is greater than 200 days. For this purpose, a right of first refusal to renew use under the arrangement is not treated as a renewal option if:

(a) the compensation for the use under the arrangement is redetermined at generally applicable, fair market value rates that are in effect at the time of renewal; and

(b) the use of the financed property under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business.

(2) Arrangements not available for use on the same basis by natural persons not engaged in a trade or business. Use by a nongovernmental person pursuant to an arrangement, other than an arrangement resulting in ownership of financed property by a nongovernmental person, is not private business use if:

(a) the term of the use under the arrangement, including all renewal options, is not longer than 100 days;

(b) the arrangement would be treated as general public use, except that it is not available for use on the same basis by natural persons not engaged in a trade or business because generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business; and

(c) the property is not financed for a principal purpose of providing that property for use by that nongovernmental person.

(3) Negotiated arm's-length arrangements. Use by a nongovernmental person pursuant to an arrangement, other than an arrangement resulting in ownership of financed property by a nongovernmental person, is not private business use if:

(a) the term of the use under the arrangement, including all renewal options, is not longer than 50 days;

(b) the arrangement is a negotiated arm's-length arrangement, and compensation under the arrangement is at fair market value; and

(c) the property is not financed for a principal purpose of providing that property for use by that nongovernmental person.

(4) Incidental use. Incidental uses of a financed facility (e.g. pay telephones, vending machines, advertising displays and use for television cameras) are disregarded, to the extent that those uses do not exceed 2.5 percent of the proceeds of the issue used to finance the facility. A use of a facility by a nongovernmental person is incidental if:

(a) except for vending machines, pay telephones, kiosks, and similar uses, the use does not involve the transfer to the nongovernmental person of possession and control of space that is separated from other areas of the facility by walls, partitions, or other physical barriers, such as a night gate affixed to a structural component of a building (a nonpossessory use);

(b) the nonpossessory use is not functionally related to any other use of the facility by the same person (other than a different nonpossessory use); and

(c) all nonpossessory uses of the facility do not, in the aggregate, involve the use of more than 2.5 percent of the facility.

(5) Qualified improvements. Proceeds that provide a governmental owned improvement to a governmentally owned building (including its structural components and land functionally related and subordinate to the building) are not used for a private business use if:

(a) the building was placed in service more than 1 year before the construction or acquisition of the improvement is begun;

(b) the improvement is not an enlargement of the building or an improvement of interior space occupied exclusively for any private business use;

(c) no portion of the improved building or any payments in respect of the improved building are taken into account under section 141(b)(2)(A) (the private security test); and

(d) no more than 15 percent of the improved building is used for a private business use.

Appendix VIII

Management or Service Contract Guidelines (Summarizing Revenue Procedure 97-13, 1997-1 C.B. 632)

1. For contracts for services of non-exempt persons in which all compensation is based on a percentage of fees charged or a combination of a per-unit fee and a percentage of revenue or expense fee for service rendered by the non-exempt person:

(a) the term of the contract (including renewal options) may not exceed two years;

(b) the contract is cancelable by the qualified user without cause or penalty by giving the non-exempt person reasonable (30 days) notice at the end of the first year of the contract term;

(c) the compensation, which must be reasonable, may not be based on a percentage of the net profits from the operation of the facility; during the start-up period of the facility, however, compensation may be based on a percentage of either gross revenues, adjusted gross revenues (gross revenues less allowances for bad debts and contractual and similar allowances) or expenses of the facility; and

(d) the services provided pursuant to the contract are primarily to third parties and not to the qualified user (e.g., operation of a cafeteria) or the contract term covers the initial start-up period of the facility for which there have been insufficient operations to establish a reasonable estimate of the amount of annual gross revenues and expenses (e.g., a contract for general management services for the first year of operation).

2. For contracts for services of non-exempt persons in which at least 80 percent of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee (e.g., a stated dollar amount of compensation is paid each month):

(a) the term of the contract, including all renewal options, must not exceed the lesser of 80 percent of the reasonably expected useful life of the financed property and 10 years.

(b) the compensation, which must be reasonable, may not be based on any percentage of the net profits of the facility; however, it may be increased automatically if the increase does not exceed the percentage increases determined by a specified objective, external standard for computing such increase (e.g., the Consumer Price Index or similar external indices that track prices in an area or increases in revenues or costs in an industry). A fee does not fail to qualify as a periodic fixed fee as a result of a one-time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached if that award is equal to a single, stated dollar amount.

3. For contracts for services of non-exempt persons in which at least 95 percent of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee:

(a) the term of the contract, including all renewal options, must not exceed the lesser of 80 percent of the reasonably expected useful life of the financed property and 15 years.

(b) the compensation, which must be reasonable, may not be based on any percentage of the net profits of the facility; however, it may be increased automatically if the increase does not exceed the percentage increases determined by a specified objective, external standard for computing such increase (e.g., the Consumer Price Index or similar external indices that track prices in an area or increases in revenues or costs in an industry). A fee does not fail to qualify as a periodic fixed fee as a result of a one-time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached if that award is equal to a single, stated dollar amount.

4. For contracts for services of non-exempt persons in which at least 50 percent of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee and no amount of compensation is based on a capitation fee (fixed amount paid per person served where service provided varies significantly among persons served) or a per-unit fee (stated dollar amount paid for each service provided) or any combination thereof:

(a) the term of the contract (including renewal options) may not exceed five years;

(b) the contract is cancelable by the qualified user without cause or penalty upon reasonable notice at the end of the third year of the contract term; and

(c) the compensation, which must be reasonable, may not be based on any percentage of the net profits of the facility; however, it may be increased automatically if the increase does not exceed the percentage increases determined by a specified objective, external standard for computing such increase (e.g., the Consumer Price Index or similar external indices that track prices in an area or increases in revenues or costs in an industry).

5. For contracts for services of non-exempt persons in which all of the compensation is based on a capitation fee or a combination of capitation fee and a periodic fixed fee:

(a) Compensation for the services must be reasonable and cannot be based in any part on the net profits of the facility; and

(b) the term of the contract (including renewal options) may not exceed five years and the contract must be cancelable by the qualified user, upon reasonable notice, without cause or penalty at the end of the third year of the contract term.

6. For contracts for services of non-exempt persons in which all of the compensation is based upon a per-unit fee or a combination of a per-unit fee and a periodic fixed fee:

(a) The term of the contract (including renewal options) may not exceed three years and the qualified user must have the option, upon reasonable notice, to cancel the contract without cause or penalty at the end of the second year of the contract term;

(b) No amount of compensation to the non-exempt person is based on a share of net profits; and

(c) The amount of the per-unit fee must be specified in the contract or otherwise specifically limited by the qualified user or an independent third party.

7. With respect to all of the above described contracts, the non-exempt person must not have the ability to limit the qualified user's exercise of its rights under the contract. In particular, not more than 20 percent of the voting power of the governing body of the qualified user may be exercisable in the aggregate by the non-exempt person and its respective directors, officers, shareholders and employees. In addition, no member of the governing board of the qualified user may be the chief executive officer of the non-exempt person or its governing body and vice versa. Finally, the qualified user and the non-exempt person must not be members of the same controlled group, as defined in Section 1.150-1(f) of the Treasury Department Regulations, or related persons, as defined in Section 144(a)(3) of the Internal Revenue Code of 1986, as amended.