

*In the opinion of Armstrong Teasdale LLP, Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal and Missouri income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.*

**\$2,955,000**  
**CITY OF MOLINE ACRES, MISSOURI**  
**TAX INCREMENT AND TRANSPORTATION**  
**DEVELOPMENT REVENUE BONDS**  
**(ST. CYR ROAD REDEVELOPMENT PROJECT)**  
**SERIES 2007**

**Dated: Date of Delivery**

**Interest Rate: 5.125%**  
**Priced at 99.00%**

**Due: November 1, 2026**

The Bonds are issuable only as fully registered Bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Bonds. Principal of and semiannual interest on the Bonds will be paid from moneys available therefor under the Indenture (herein defined) by UMB Bank, N.A., Kansas City, Missouri, as Trustee (the "Trustee"). So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. DTC is expected, in turn, to remit such principal and interest payments to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Interest on the Bonds will be payable semiannually on each May 1 and November 1, beginning November 1, 2007.

The Bonds are being issued by the City of Moline Acres, Missouri (the "City"), pursuant to a Trust Indenture dated as of May 1, 2007 by and between the City and UMB Bank, N.A., Kansas City, Missouri, as trustee (the "Indenture"). The Bonds are limited obligations of the City, payable solely from Bond proceeds, Available Revenues (as described herein) and moneys on deposit in a Debt Service Reserve Fund. The application of Economic Activity Tax Revenues to the payment of the Bonds, as described herein, is subject to annual appropriation by the City. Pursuant to an Intergovernmental Cooperation Agreement dated as of May 1, 2007 between the City and the St. Cyr Road Transportation Development District (the "District"), the District has agreed to request an annual appropriation of its transportation development sales tax for application to the payment of the Bonds, as described herein.

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY OR THE DISTRICT AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE DISTRICT, THE MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION, THE STATE OF MISSOURI (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE DISTRICT, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE DISTRICT, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

**The Bonds involve a high degree of risk, and prospective purchasers should read the section herein captioned "BONDOWNERS' RISKS." The Bonds may not be suitable investments for all persons, and prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should confer with their own legal and financial advisors and should be able to bear the risk of loss of their investment in the Bonds before considering a purchase of the Bonds.**

***The Bonds are subject to redemption prior to maturity in certain circumstances, as described herein. It is expected that a substantial portion of the Bonds will be redeemed prior to maturity.*** See "THE BONDS—Redemption Provisions" and "PROJECTED AVERAGE LIFE OF THE BONDS" herein.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Armstrong Teasdale LLP, St. Louis, Missouri, Bond Counsel. Certain legal matters will be passed upon for the City by Donnell Smith & Associates, LLC, St. Louis, Missouri, for the District by Armstrong Teasdale LLP, St. Louis, Missouri, for the Developer by Polsinelli Shalton Flanigan Suelthaus PC, St. Louis, Missouri and for the Underwriter by Gilmore & Bell, P.C., St. Louis, Missouri. It is expected that the Bonds will be available for delivery on or about June 4, 2007.

**STIFEL**  
**NICOLAUS**

The date of this Official Statement is May 25, 2007.

**CITY OF MOLINE ACRES, MISSOURI**

2449 Chambers Road  
Moline Acres, Missouri 63136

**MAYOR**

Fred J. Hodges, Jr.

**BOARD OF ALDERMEN**

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**BOND COUNSEL**

Armstrong Teasdale LLP  
St. Louis, Missouri

**UNDERWRITER**

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

No dealer, broker, salesman or other person has been authorized by the City or the District to give any information or to make any representations with respect to the Bonds offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the City. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

**The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or “blue sky” laws. The Bonds are offered pursuant to an exemption from registration with the Securities and Exchange Commission. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary may be a criminal offense.**

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

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

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

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Counsel	

## OFFICIAL STATEMENT

**\$2,955,000**

**CITY OF MOLINE ACRES, MISSOURI**

**TAX INCREMENT AND TRANSPORTATION  
DEVELOPMENT REVENUE BONDS  
(ST. CYR ROAD REDEVELOPMENT PROJECT)  
SERIES 2007**

### INTRODUCTION

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

#### **Purpose of the Official Statement**

The purpose of this Official Statement is to furnish information relating to (1) the City of Moline Acres, Missouri (the “City”), (2) the St. Cyr Road Transportation Development District (the “District”) (3) the City’s Tax Increment and Transportation Development Revenue Bonds (St. Cyr Road Redevelopment Project) Series 2007 (the “Bonds”) and (4) a commercial development consisting of a Shop ‘n Save grocery store (the “Grocery Store”), developed by St. Cyr Investment Co., a Missouri corporation (the “Developer”), all pursuant to the “Redevelopment Plan, St. Cyr Road Redevelopment Area, City of Moline Acres, Missouri” (the “Redevelopment Plan”) adopted by the Board of Aldermen of the City on February 10, 2004. For the definition of certain capitalized terms used herein and not otherwise defined, see **“Appendix B – Definitions and Summary of the Indenture, the Cooperation Agreement and the Continuing Disclosure Agreement”** hereto.

#### **The City**

The issuer of the Bonds is the City of Moline Acres, Missouri, a political subdivision of the State of Missouri. The City, located in St. Louis County, Missouri, is a fourth class city. See the caption **“THE CITY”** herein.

#### **The District**

The District is a transportation development district and a political subdivision of the State of Missouri, formed pursuant to the Missouri Transportation Development District Act, Sections 238.200 to 238.275 of the Revised Statutes of Missouri, as amended (the “TDD Act”). The District contains an area of approximately 5 acres and was formed for the purpose of funding and constructing certain transportation projects (the “Transportation Project”) to serve the Redevelopment Project in the City. The area of the District is identical to the Redevelopment Area. Pursuant to the TDD Act, the District is authorized to impose a sales tax within its boundaries. See the caption **“THE DISTRICT”** herein.

#### **The Redevelopment Area**

Pursuant to the TIF Act, the City designated a redevelopment area (the “Redevelopment Area”) and selected the Developer as the developer of the Redevelopment Area on January 13, 2004 and February 10, 2004, respectively. On January 13, 2004, the City adopted tax increment financing within the Redevelopment Area. The Redevelopment Area contains approximately 5 acres. The Redevelopment Area is at the northwest corner of

St. Cyr Road and Highway 367 (Lewis & Clark Boulevard). The Redevelopment Area was studied and determined by the City to be a “blighted area” within the meaning of The Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 *et seq.* of the Revised Statutes of Missouri, as amended (the “TIF Act”). The District’s boundaries are identical to those of the Redevelopment Area. See **“THE REDEVELOPMENT PROJECT–Overview”** herein. See **Appendix A** for a map of the Redevelopment Area.

## **The Bonds**

The Bonds are being issued pursuant to the TIF Act and the Trust Indenture dated as of May 1, 2007 (the “Indenture”) between the City and UMB Bank, N.A., Kansas City, Missouri (the “Trustee”) for the purpose of providing funds to (1) to pay a portion of the costs of certain improvements in the Redevelopment Area, thereby alleviating a portion of the conditions described in the Redevelopment Plan and to pay a portion of the Transportation Project, (2) fund a debt service reserve for the Bonds and (3) pay the costs of issuance of the Bonds. A description of the Bonds is contained in this Official Statement under the caption **“THE BONDS.”** All references to the Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Indenture.

*The Bonds are subject to redemption prior to maturity as described herein. If the projected revenues are received as projected (see “PROJECTIONS” herein), it is anticipated that a substantial portion of the Bonds will be redeemed prior to their stated maturity. See “THE BONDS – Redemption Provisions” and “PROJECTED AVERAGE LIFE OF THE BONDS” herein.*

## **Security for the Bonds**

The Bonds and the interest thereon are limited obligations of the City, payable solely from Bond proceeds and Available Revenues, as provided in the Indenture. See **“SOURCES OF PAYMENT AND SECURITY FOR THE BONDS”** herein. Available Revenues means all Net Revenues and moneys held in the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund under the Indenture, together with investment earnings thereon. “Net Revenues” means all TIF Revenues and all TDD Revenues (including investment earnings thereon).

“TIF Revenues” means all Economic Activity Tax Revenues on deposit in the City’s Special Allocation Fund which have been appropriated by the City to the repayment of the Bonds. TIF Revenues do not include any such amount paid under protest until the protest is withdrawn or resolved against the taxpayer, nor do TIF Revenues include any sum received by the City which is the subject of a suit or other claim communicated to the City, which suit or claim challenges the collection of such sums or their payment to the holders of the Bonds. The application of Economic Activity Tax Revenues to the payment of the Bonds is subject to annual appropriation by the City. There is no legal obligation on the part of the City to appropriate the Economic Activity Tax Revenues.

“TDD Revenues” means all revenues of the TDD Sales Tax, as defined below (less the District’s reasonable operating costs, not to exceed \$10,000 per year and a 1% collection fee) which have been appropriated by the District to the payment of the Bonds, less the portion of such revenues that constitute Economic Activity Tax Revenues but not including (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, and (ii) any such received by the District which is the subject of a suit or other claim communicated to the District, which suit or claim challenges the collection of such sum. The application of TDD Revenues to the payment of the Bonds is subject to annual appropriation by the District. There is no legal obligation on the part of the District to appropriate TDD Revenues.

The District has imposed a sales tax pursuant to the TDD Act at a rate of five-eighths of one percent (0.625%), effective April 1, 2007 (the “TDD Sales Tax”) on all retail sales made in the District which are subject to taxation pursuant to the provisions of Sections 144.010 to 144.525, RSMo, with certain exceptions

listed in the TDD Act. These exceptions include sale or use of motor vehicles, trailers, boats or outboard motors, sale of electricity or electrical current, water and gas, natural or artificial, and sales of service to telephone subscribers, whether local or long distance. Because the District is located within a tax increment financing district formed under the TIF Act, 50% of the TDD Sales Taxes collected (hereinafter defined as the “TIF Portion of TDD Sales Tax Revenues”) are required to be paid to the City for deposit to the accounts relating to the tax increment financing. Pursuant to the Cooperation Agreement, the District has agreed, with respect to the remaining 50% of the TDD Revenues, to request an annual appropriation of the TDD Revenues (less the District’s annual operating expenses) for application to the repayment of the Bonds. There is no legal obligation of the District to appropriate TDD Revenues.

Due to statutory restrictions contained in the TIF Act and the TDD Act, moneys in the Revenue Fund shall be applied under the Indenture such that the aggregate TDD Revenues so applied do not exceed 61% of the aggregate of all Net Revenues that have been deposited in the Revenue Fund (the “TDD Revenue Limit”)

A debt service reserve fund will be funded in the amount of \$227,165.63 from Bond proceeds as additional security for the Bonds.

THE BONDS ARE NOT SECURED BY A MORTGAGE ON ANY PROPERTY IN THE REDEVELOPMENT AREA.

**The Bonds do not constitute a debt of the City, the District, the Missouri Highways and Transportation Commission, the State or any political subdivision thereof, and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the District, the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.**

**Because the TIF Act provides that 23 years is the maximum amount of time for the retirement of obligations incurred to finance redevelopment project costs, the obligation of the City, subject to annual appropriation by the City, to transfer Economic Activity Tax Revenues to the Trustee for the repayment of the Bonds terminates on January 12, 2027, whether or not the principal amount thereof or interest thereon has been paid in full.**

### **Revenue Projections**

“Bond Feasibility Study for Tax Increment Financing and Transportation Development Revenue Bonds, St. Cyr Road Redevelopment Area, City of Moline Acres, Missouri,” dated May 1, 2007 (the “Projections”) have been prepared by Peckham, Guyton, Albers & Viets, Inc., St. Louis, Missouri. A copy of the Projections is attached hereto as **Appendix A**. See the caption “**PROJECTIONS**” herein. Neither the City nor the District makes any representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Projections.

Pursuant to the State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed. The Projections assume that all taxpayers will qualify for such retention.

## **Bondowners' Risks**

The Bonds involve a high degree of risk, and prospective purchasers should read the section herein captioned **"BONDOWNERS' RISKS."** The Bonds may not be suitable investments for all persons, and prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should confer with their own legal and financial advisors and should be able to bear the risk of loss of their investment in the Bonds before considering a purchase of the Bonds.

## **Definitions and Summaries of Documents**

Definitions of certain words and terms used in this Official Statement and a summary of certain provisions of the Indenture, the Cooperation Agreement and the Continuing Disclosure Agreement are included in this Official Statement in **Appendix B** hereto. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the Indenture, the Cooperation Agreement and the Continuing Disclosure Agreement are qualified in their entirety by reference to the definitive form of such documents, copies of which may be obtained from Stifel, Nicolaus & Company, Incorporated, 501 N. Broadway, 8th Floor, St. Louis, Missouri 63102.

## **Continuing Disclosure**

The City covenants in the Continuing Disclosure Agreement to provide certain financial information relating to the City by not later than 180 days after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2007, to provide a copy of the District's most recent annual unaudited financial statements (audited when required by law) and to provide notices of the occurrence of certain enumerated events, if deemed by the City to be material. See "Continuing Disclosure Agreement" in **Appendix B** herein.

## **THE BONDS**

*The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Indenture for the detailed terms and provisions thereof.*

### **Authorization; Description of the Bonds**

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Section 99.840 of the TIF Act. The Bonds will be issuable as fully registered bonds, without coupons. Purchases of the Bonds will be made in book-entry form only (as described below) in denominations of \$5,000 or any integral multiple in excess thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. The Bonds will be dated as of the date of initial issuance and delivery thereof, and will mature on the date and in the principal amount set forth on the cover page of this Official Statement. The Bonds will bear interest at the rate per annum set forth on the cover page hereof, which interest will be payable semiannually on May 1 and November 1 in each year, beginning on November 1, 2007.

### **Registration, Transfer and Exchange of Bonds**

Any Bond may be transferred only upon the Register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the City shall execute and the Trustee shall authenticate and deliver in exchange for such Bond a new fully registered Bond or Bonds, registered in the name of the transferee, of any Authorized Denomination.



Any Bond, upon surrender thereof to the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for Bonds of the same maturity, of any Authorized Denomination, bearing interest at the same rate, and registered in the name of the Owner.

The City or the Trustee may make a charge against each Owner requesting a transfer or exchange of Bonds for every such transfer or exchange of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such transfer or exchange, the cost of preparing, if any, each new Bond issued upon any transfer or exchange and the reasonable expenses of the City and the Trustee in connection therewith, and such charge shall be paid before any such new Bond shall be delivered. The City or the Trustee may levy a charge against an Owner sufficient to reimburse it for any governmental charge required to be paid in the event the Owner fails to provide a correct taxpayer identification number to the Trustee. Such charge may be deducted from amounts otherwise due to such Owner under the Indenture or under the Bonds.

### **Redemption Provisions**

***Optional Redemption.*** The Bonds are subject to optional redemption by the City in whole on November 1, 2016 and any date thereafter, or in part on November 1, 2016 and any Payment Date thereafter, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed, together with interest accrued to the date fixed for redemption.

***Special Mandatory Redemption.*** The Bonds are subject to special mandatory redemption by the City on each Payment Date commencing May 1, 2008, at the redemption price of 100% of the principal amount being redeemed, together with accrued interest thereon to the date fixed for redemption, in an amount equal to the amount which is on deposit in the Redemption Account of the Debt Service Fund 40 days prior to such Payment Date or, if such date is not a Business Day, the immediately preceding Business Day; provided, however, that notwithstanding the foregoing, in no event shall moneys be applied in a manner which exceeds the TDD Revenue Limit.

The Bonds are also subject to special mandatory redemption by the City, in whole but not in part, on any date in the event that moneys in the Revenue Fund and the Debt Service Reserve Fund are sufficient to redeem all of the Bonds then Outstanding at a redemption price of 100% of the principal amount being redeemed together with accrued interest thereon to the date fixed for redemption; provided, however, that notwithstanding the foregoing, in no event shall moneys be applied in a manner which exceeds the TDD Revenue Limit.

***Selection of Bonds to be Redeemed.*** Bonds shall be redeemed only in Authorized Denominations. When less than all of the Outstanding Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds or portions of Bonds to be redeemed shall be selected in Authorized Denominations by the Trustee in such equitable manner as it may determine.

In the case of a partial redemption of Bonds when Bonds of denominations greater than the minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each Authorized Denomination unit of face value shall be treated as though it was a separate Bond of the denomination of the minimum Authorized Denomination. If one or more, but not all, of the minimum Authorized Denomination units of principal amount represented by any Bond are selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination unit or units, the Owner of such Bond or his attorney or legal representative shall forthwith present and surrender such Bond to the Trustee (i) for payment of the redemption price (including the interest to the date fixed for redemption) of the minimum Authorized Denomination unit or units of principal amount called for redemption, and (ii) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond of a

denomination greater than minimum Authorized Denomination fails to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination unit or units of principal amount called for redemption (and to that extent only) and shall cease to accrue interest on the principal amount so called for redemption.

***Notice and Effect of Call for Redemption.*** Unless waived by any Owner of Bonds to be redeemed, official notice of the optional redemption of any Bond shall be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Register; provided, however, that failure to give such notice by mailing as aforesaid to any Owner or any defect therein as to any particular Bond shall not affect the validity of any proceedings for the redemption of any other Bonds.

On or prior to the date fixed for redemption, the City shall deposit or cause to be deposited moneys or Government Securities with the Trustee as provided in the Indenture to pay the Bonds called for redemption and accrued interest thereon to the redemption date. Upon the happening of the above conditions, and notice having been given as provided in the Indenture, the Bonds or the portions of the principal amount of Bonds thus called for redemption shall cease to bear interest on the specified redemption date, provided moneys sufficient for the payment of the redemption price are on deposit at the place of payment at the time, and shall no longer be entitled to the protection, benefit or security of the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

#### **Payment and Discharge Provisions**

When the principal of and interest on all the Bonds have been paid in accordance with their terms or provision has been made for such payment, as provided in the Indenture, and provision also is made for paying all other sums payable under the Indenture, including the fees and expenses of the Trustee and the Paying Agents to the date of payment of the Bonds, then the right, title and interest of the Trustee under the Indenture shall thereupon cease, determine and be void, and thereupon the Trustee shall cancel, discharge and release the Indenture and shall upon receipt of a written request therefor and an Opinion of Counsel to the effect that all conditions precedent to the satisfaction and discharge of the Indenture have been met execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be required to evidence such release and the satisfaction and discharge of the Indenture, and shall assign and deliver to the City any property at the time subject to the Indenture which may then be in the Trustee's possession, except funds or securities in which such moneys are invested and held by the Trustee for the payment of the principal of and interest on the Bonds.

#### **Defeasance Provisions**

Bonds shall be deemed to be paid within the meaning of the Indenture when payment of the principal on such Bonds, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (1) has been made or caused to be made in accordance with the terms of the Indenture, or (2) provision therefor has been made by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) non-callable Government Securities maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and the Trustee shall have received an opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such deposit will not cause the interest on such Bonds to be included in gross income for purposes of federal income taxation and that all conditions precedent to the satisfaction of the Indenture have been met. If the entire amount necessary to pay Outstanding Bonds has not been deposited with the Trustee, the Trustee shall receive a verification report of a firm of independent certified public accountants that the moneys and Government Securities deposited with the Trustee are sufficient to pay

when due the principal or redemption price, if any, and interest on the Bonds on or prior to the applicable redemption or maturity date. At such time as a Bond is deemed to be paid under the Indenture, such Bond shall no longer be secured by or be entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Securities.

### **Book-Entry Only System**

**General.** When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry only system (the “Book-Entry Only System”) maintained by The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Initially, the Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’S partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate in the aggregate principal amount of the Bonds will be issued and will be deposited with DTC or the Trustee as its “FAST” agent. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

**DTC and its Participants.** DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (“NSCC,” “FICC,” “MBS” and “EMCC,” also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants,” and, together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

So long as Cede & Co., as nominee of DTC, is the registered owner of any of the Bonds, the Beneficial Owners of such Bonds will not receive or have the right to receive physical delivery of the Bonds,

and references herein to the registered owners of such Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of such Bonds.

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

**Notices.** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

**Payments of Principal and Interest.** So long as any Bond is registered in the name of DTC's nominee, all payments of principal of, premium, if any, and interest on such Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

**Discontinuation of Book-Entry Only System.** DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered as described in the Indenture.

The use of the system of book-entry transfers through DTC (or a successor securities depository) may be discontinued as described in the Indenture. In that event, bond certificates will be printed and delivered as described in the Indenture.

None of the Underwriter, the Trustee nor the City will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or

interest on the Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to owners of the Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

*The information above concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Trustee or the Underwriter. The City, the Trustee and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.*

## **SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**

### **Limited Obligations; Sources of Payment**

The Bonds and the interest thereon are limited obligations of the City, payable solely from Bond proceeds and Available Revenues, as provided in the Indenture. Under the Indenture, the City will pledge and assign moneys in the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund to the Bondowners as security for the payment of the Bonds and the interest thereon. Pursuant to the Indenture, the City shall transfer to the Trustee, subject to annual appropriation, all Economic Activity Tax Revenues. In addition, the City covenants and agrees that the officer of the City at any time charged with the responsibility of formulating budget proposals is directed to include in the budget proposal submitted to the Board of Aldermen of the City for each fiscal year that the Bonds are Outstanding a request for an appropriation of the TIF Revenues for transfer to the Trustee for deposit in the Revenue Fund at the times and in the manner provided in the Indenture.

The Bonds are not secured by a mortgage on any property in the Redevelopment Area.

Pursuant to the Cooperation Agreement, the District has agreed to request an annual appropriation of TDD Revenues (less the 1% collection fee and up to \$10,000 per annum to fund the District's operating expenses) for application to the payment of the Bonds.

Pursuant to the TDD Act, no transportation development district may repeal or amend its sales tax unless such repeal or amendment will not impair the district's ability to repay any liabilities which it has incurred, money which it has borrowed or revenue bonds, notes or other obligations which it has issued.

THE BONDS SHALL NOT CONSTITUTE A DEBT OR LIABILITY OF THE CITY, THE DISTRICT, THE MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF AND SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER DEBT LIMITATION OR RESTRICTION. THE ISSUANCE OF THE BONDS SHALL NOT OBLIGATE THE DISTRICT OR THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

### **Revenues**

The City has agreed to transfer to the Trustee, subject to annual appropriation by the City, all Economic Activity Tax Revenues; provided, however, that the City is not obligated to transfer any sum received by the City which is the subject of a suit or other claim communicated to the City, which suit or claim challenges the collection of such sums or their payment to the holders of the Bonds.

“Economic Activity Tax Revenues” (herein also referred to as “EATS”) means, subject to annual appropriation by the City as provided in the TIF Act, 50% of the total additional revenue from taxes imposed by the City and other taxing districts (as that term is defined in Section 99.805 of the TIF Act) that are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in the calendar year ending December 31, 2003, but excluding therefrom any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments, other than payments in lieu of taxes, and personal property taxes and taxes levied for the purpose of public transportation pursuant to Section 94.660, RSMo. **THE EXPENDITURE OF ECONOMIC ACTIVITY TAX REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. THERE CAN BE NO ASSURANCES THAT THE CITY WILL APPROPRIATE SUCH REVENUES IN ANY YEAR AND THE INDENTURE DOES NOT OBLIGATE THE CITY TO DO SO.**

The District has imposed a sales tax of five-eighths of one percent (0.625%), effective April 1, 2007 (the “TDD Sales Tax”) for the purpose of financing certain road improvements in the District. The Grocery Store located in the Redevelopment Area is within the boundaries of the District. The Grocery Store will collect the TDD Sales Tax and forward the TDD Sales Tax to Development Dynamics or other entity on behalf of the District.

Because the District is located within a tax increment financing district formed under the TIF Act, 50% of the TDD Sales Taxes collected (hereinafter defined as the “TIF Portion of TDD Sales Tax Revenues”) are required to be paid to the City and constitute Economic Activity Tax Revenues. Pursuant to the Cooperation Agreement, the District has agreed, with respect to the remaining 50% of the TDD Revenues, to request an annual appropriation of the TDD Revenues (less the District’s annual operating expenses) for application to the repayment of the Bonds. There is no legal obligation of the District to appropriate TDD Revenues.

“TDD Revenues” means all revenues of the TDD Sales Tax (less the District’s reasonable operating costs, not to exceed \$10,000 per year, commencing in 2007, and the 1% collection fee) that have been appropriated by the District to the payment of the Bonds, less that portion of such revenues that constitute Economic Activity Tax Revenues and, but not including (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the District which is the subject of a suit or other claim communicated to the District, which suit or claim challenges the collection of such sum. **THE EXPENDITURE OF TDD REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE DISTRICT. THERE CAN BE NO ASSURANCES THAT THE DISTRICT WILL APPROPRIATE SUCH REVENUES IN ANY YEAR AND THE DISTRICT IS NOT OBLIGATED TO DO SO.** In the Cooperation Agreement, the District covenants and agrees that the officer of the District at any time charged with the responsibility of formulating budget proposals is directed to include in the budget proposal submitted to the Board of Directors of the District for each fiscal year that the Bonds are Outstanding a request for an appropriation of the TDD Revenues for transfer to the Trustee for deposit in the Revenue Fund at the times and in the manner provided in the Cooperation Agreement.

Pursuant to the State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed.

### **Indenture Funds and Accounts**

**Revenue Fund.** On the tenth calendar day of each month (or the next Business Day thereafter if the tenth is not a Business Day) while the Bonds are Outstanding, the City shall cause to be transferred (i) all Net Revenues as of the last day of the preceding month consisting of Economic Activity Tax Revenues to the Trustee and shall direct the Trustee in writing to deposit such sums into the EATs Revenue Account of the Revenue Fund, and (ii) all Net Revenues as of the last day of the preceding month consisting of TDD Revenues to the Trustee and shall direct the Trustee in writing to deposit such sums into the TDD Revenue

Account of the Revenue Fund. If the Trustee has not received Net Revenues on or before the 15<sup>th</sup> calendar day of each month, the Trustee shall notify the City, the Underwriter and the City of such non-receipt.

Moneys in the Revenue Fund shall be applied under the Indenture (other than by operation of *First* below) such that the aggregate TDD Revenues so applied do not exceed 61% of the aggregate of all Net Revenues that have been deposited in the Revenue Fund (the “TDD Revenue Limit”). On the 40<sup>th</sup> day (or if such day is not a Business Day, the immediately preceding Business Day), except as otherwise provided, prior to each Payment Date, the Trustee shall apply moneys in the Revenue Fund (first drawing on EATs and second on TDD Revenues) to the extent necessary for the purposes and in the amounts as follows:

*First*, transfer TDD Revenues in excess of the TDD Revenue Limit to the Excess TDD Revenue Fund; provided that, in accordance with the Indenture, on any Payment Date on which the TDD Revenue Limit has not been met, funds from the Excess TDD Revenue Fund shall be transferred to the TDD Revenue Account of the Revenue Fund until the TDD Revenue Limit is met;

*Second*, to the Rebate Fund, when necessary, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City or the City in accordance with the Tax Compliance Agreement;

*Third*, transfer to the Debt Service Account of the Debt Service Fund an amount sufficient to pay the interest on the Bonds on the next succeeding Payment Date;

*Fourth*, transfer to the Debt Service Account of the Debt Service Fund an amount sufficient to pay the principal of and premium, if any, due on the Bonds by their terms on the next succeeding Payment Date;

*Fifth*, transfer to the Debt Service Reserve Fund such amount as may be required to restore any deficiency in the Debt Service Reserve Fund if the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement; provided, however, that any moneys from the TDD Revenue Account of the Revenue Fund shall be deposited in the TDD Debt Service Reserve Account and any moneys from the EATs Revenue Account shall be deposited in the EATs Debt Service Reserve Account;

*Sixth*, pay to the Trustee or any Paying Agent, an amount sufficient for payment of any fees, charges and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City (with a copy to the Trustee if the Paying Agent is other than the Trustee) of an invoice for such amounts (provided, however, that payments to the Trustee may not exceed \$3,000 in any calendar year); and pay to the City an amount sufficient for payment of any fees and expenses incurred by the City in the administration of the Redevelopment Plan, but not to exceed \$2,000 in any calendar year except as otherwise provided in the Redevelopment Agreement, upon delivery to the Trustee of the City’s certification of such amounts; and

*Seventh*, transfer to (a) the TDD Redemption Account of the Debt Service Fund all moneys then remaining in the TDD Revenue Account of the Revenue Fund and (b) the EATs Redemption Account of the Debt Service Fund all moneys then remaining in the EATs Revenue Account of the Revenue Fund, which moneys shall be applied to the payment of principal on all Bonds that are subject to redemption on the next succeeding Payment Date. See “**THE BONDS – Redemption Provisions –*Special Mandatory Redemption***” herein.

*Debt Service Fund.* Except as otherwise provided in the Indenture, all amounts paid and credited to the Debt Service Fund shall be expended solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof.

*Debt Service Reserve Fund.* Amounts in the Debt Service Reserve Fund are to be used to pay principal of and interest on the Bonds to the extent of any deficiency in the Debt Service Fund and to retire the last Outstanding Bonds.

*Project Fund.* Moneys in the TDD Project Account and the TIF Project Account of the Project Fund shall be disbursed by the Trustee from time to time upon receipt of a written request of the City to pay or reimburse the costs of the Transportation Project or the Redevelopment Project, respectively. Moneys in the Costs of Issuance Account of the Project Fund shall be disbursed, from time to time by the Trustee, upon the written request. Any moneys remaining in the Cost of Issuance Account of the Project Fund on the date which is six months after the date of Issuance of the Bonds shall be deposited, without further authorization, into the Redemption Account of the Debt Service Fund and shall be used to redeem Bonds on the earliest possible date. See “**THE BONDS – Redemption Provisions –*Special Mandatory Redemption*”** herein.

### **Additional Bonds**

The Indenture does not authorize the issuance of any bonds other than the Bonds. The City may issue tax increment and transportation development bonds for redevelopment areas other than the Redevelopment Area. Such other bonds or obligations, if any, will not be payable out of the Economic Activity Tax Revenues or TDD Revenues attributable to the Redevelopment Area.

## **ESTIMATED SOURCES AND USES OF FUNDS**

Following is a summary of the anticipated sources and uses of funds in connection with the issuance of the Bonds:

### *Sources of Funds:*

Net proceeds of the Bonds.....	<u>\$ 2,925,450.00</u>
Total sources of funds .....	<u>\$ 2,925,450.00</u>

### *Uses of Funds:*

Deposit to the Project Fund	\$ 2,500,000.00
Deposit to Debt Service Reserve Fund .....	227,165.63
Underwriter’s Discount .....	81,262.50
Other Costs of Issuance .....	<u>117,021.87</u>
Total uses of funds .....	<u>\$ 2,925,450.00</u>

## **TAX INCREMENT FINANCING IN MISSOURI**

### **Overview**

Tax increment financing is a procedure whereby cities and counties encourage the redevelopment of designated areas. The theory of tax increment financing is that, by encouraging redevelopment projects, the value of real property in a redevelopment area should increase. When a tax increment financing is adopted for a redevelopment area, the assessed value of real property in the redevelopment area is frozen for tax purposes at the current base level prior to the construction of improvements. The owners of the property continue to pay property taxes at the base level. As the property is improved, the assessed value of real property in the redevelopment area should increase above the base level. By applying the tax rate of all taxing districts having taxing power within the redevelopment area to the increase in assessed valuation of the improved property over the base level, a “tax increment” is produced. The tax increments, referred to as “payments in lieu of taxes” or



“PILOTs,” are paid by the owners of property in the same manner as regular property taxes. The payments in lieu of taxes are transferred by the collecting agency to the treasurer of the city or county and deposited in a “special allocation fund.” All or a portion of the moneys in the fund are used to pay directly for redevelopment project costs or to retire bonds or other obligations issued to pay such costs. By agreement of the City and the Developer, **payments in lieu of taxes are not available for the repayment of the Bonds.** Instead, such payments in lieu of taxes will be returned by the City each year to the taxing districts which imposed such taxes.

### **The TIF Act**

The TIF Act was enacted in 1982 and was amended in subsequent years. The constitutional validity of the TIF Act (prior to the amendments) was upheld by the Missouri Supreme Court in *Tax Increment Financing Commission of Kansas City, Missouri v. J.E. Dunn Construction Co., Inc.*, 781 S.W.2d 70 (Mo. 1989) (en banc). The TIF Act authorizes cities and counties to provide long-term financing for redevelopment projects in “blighted” and “conservation” areas (as defined in the TIF Act) through the issuance of bonds and other obligations. Such obligations are payable solely from payments in lieu of taxes within the redevelopment area and/or from 50% of the increase in certain other tax revenues generated by economic activities within the redevelopment area (including sales and utilities taxes but excluding personal property taxes, hotel/motel taxes, licenses, fees and special assessments and certain taxes imposed by St. Louis County, Missouri for purposes of public transportation). Such other taxes are referred to herein as “Economic Activity Tax Revenues.” The validity of certain portions of the TIF Act relating to the capture of Economic Activity Tax Revenues was upheld by the Missouri Supreme Court in *County of Jefferson v. QuikTrip Corporation*, 912 S.W.2d 487 (Mo. 1995) (en banc).

The application of Economic Activity Tax Revenues to the repayment of the Bonds is subject to annual appropriation by the governing body of the city or county, and there is no obligation on the part of the governing body to appropriate Economic Activity Tax Revenues in any year. See the captions **“BONDOWNERS’ RISKS – Risk of Non-Appropriation,” “BONDOWNERS’ RISKS – Factors Affecting Economic Activity Tax Revenues”** and **“BONDOWNERS’ RISKS – Litigation”** herein.

### **Economic Activity Tax Revenues**

The Economic Activity Tax Revenues that will be pledged to the payment of the Bonds, subject to annual appropriation, are 50% of the total additional revenue from taxes imposed by the City or other Taxing Districts which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in calendar year 2004, but excluding taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees, special assessments and payments in lieu of taxes (as described and determined in accordance with the TIF Act).

Retail businesses are required to collect the sales tax from purchasers at the time of sale, and pay said amounts to the Department of Revenue of the State with the filing of returns, except for the sales tax on motor vehicles, trailers, boats and outboard motors, which is due at the time application is made for title and registration. The sales volume of a retail business determines the frequency of payments made to the Department of Revenue of the State. In most cases, the retail businesses in the City make monthly payments to the Department of Revenue of the State, which are due on the tenth day of each calendar month for sales taxes collected in the preceding calendar month. Retail businesses located in the City submit applications to the City for a merchants license and an occupancy permit, and before such license and permit are awarded verification of a tax identification number from the State is made by the City. In the event of a failure by a retail business to remit sales taxes, interest and penalties, the unpaid amount may become a lien in the nature of a judgment lien against the delinquent taxpayer. In the event of overpayment by any retail business as a result of error or duplication, provision is made under State law for refunds.

Pursuant to the State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed.

Within 30 days of receipt of sales taxes by the Department of Revenue of the State, the Director of the Department of Revenue remits to the State Treasurer for deposit in a special trust fund for the benefit of each political subdivision entitled to a sales tax distribution the amount of such sales tax receipts less 1% of such amount which constitutes a fee paid to the State for collecting and distributing the tax. The State Treasurer then distributes moneys on deposit in the special trust fund on behalf of each such political subdivision to such political subdivision on a monthly basis.

For information with respect to the collection and distribution of the Transportation Development District Sales Tax, see **“THE DISTRICT–Transportation Development District Sales Tax”** herein.

## **THE DISTRICT**

### **Overview**

The District is a transportation development district, and a political subdivision of the State of Missouri, formed under the Missouri Transportation Development District Act, Sections 238.200 to 238.275 of the Revised Statutes of Missouri, as amended (the “TDD Act”). The Circuit Court of St. Louis County, Missouri declared the District organized on February 20, 2007.

The TDD Act vests all power of the District in a Board of Directors that is elected by the owners of property in the District, which property owners currently consist only of St. Cyr Investment Co. Members of the Board of Directors serve a term of three years, except that the term of the initial members of the Board of Directors are staggered so that the terms of the initial members are either one-year, two-year or three-year terms. Each director serves without compensation and may be removed by the District with cause. The by-laws of the District provide for the annual election of officers. The current directors and officers of the District and the date on which their terms expire are as follows:

<b>Name</b>	<b>Office</b>	<b>Principal Employment</b>	<b>Term Expires</b>
Kenneth Goldberg	Chairman and Director	Lennette Realty	March, 2010
Jerry Bynum	Director	Lennette Realty	March, 2010
Susan Halbert	Director	Lennette Realty	March, 2009
Joseph Sprague	Director	Lennette Realty	March, 2009
Nina Walker	Secretary and Director	City Clerk, Moline Acres	March, 2008

Under the TDD Act, the District also has advisory members appointed by the two transportation authorities under the TDD Act, which are the public entities with jurisdiction over and which will accept dedication of the transportation improvements on completion. To date, neither the City nor the Missouri Highways and Transportation Commission have appointed the advisory members.

### **Transportation Development District Sales Tax**

The qualified voters of the District have approved the imposition of the Transportation Development District Sales Tax at a rate of five-eighths of one percent (0.625%), effective April 1, 2007, for a period of not longer than 40 years. Pursuant to the TDD Act, the TDD Sale Tax does **not** apply to the sale or use of motor vehicles, trailers, boats or outboard motors, the sale of electricity or electrical current, water and gas, natural or artificial, or the sales of service to telephone subscribers, either local or long distance. The retail establishments located in the Redevelopment Area are within the boundaries of the District. Such retail establishments will collect the Transportation Development District Sales Tax and forward the Transportation

Development District Sales Tax to Development Dynamics or other entity which is collecting the TDD Sales Tax on behalf of the District.

Pursuant to the TDD Act, no transportation development district may repeal or amend its sales tax unless such repeal or amendment will not impair the district's ability to repay any liabilities which it has incurred, money which it has borrowed or revenue bonds, notes or other obligations which it has issued.

### **Development Dynamics**

Development Dynamics, LLC ("D<sup>2</sup>") serves as administrator of the District pursuant to an Administrative Services Agreement with the District (the "Administrative Services Agreement") and will collect the TDD Sales Tax on behalf of the District pursuant to the Sales Tax Collection Services Agreement dated as of May 1, 2007 between D<sup>2</sup> and the District (the "Collection Agreement").

Under the Administrative Services Agreement, D<sup>2</sup> agrees to provide

- (a) general administrative support services to the District, including the preparation of the annual budget;
- (b) monitoring of the TDD Sales Tax; and
- (c) assisting the District in complying with its obligations under the Continuing Disclosure Agreement

D<sup>2</sup>'s compensation for these services shall consist of its actual fees, costs and expenses, not to exceed \$5,000, plus a percentage increase equal to the average percentage increase in the Consumer Price Index.

The Administrative Services Agreement shall terminate upon the payment of the Bonds or upon the completion of services for any Fiscal Year with or without cause effective on 60 days' notice.

Additionally, pursuant to the Collection Agreement, D<sup>2</sup> agrees to ensure that the District is notified of the opening of each business operating within the District, reconcile the TDD Sales Tax returns, deposit TDD Sales Tax payments into the TDD Sales Tax trust fund, report on collections, and take such additional efforts as instructed by the District to investigate and pursue the collection of delinquent TDD Sales Tax payments.

D<sup>2</sup>'s compensation for these services shall consist of its actual fees, costs and expenses for the cost of collection of the TDD Sales Tax, which cost of collection shall not exceed 1% of the total amount collected.

The Collection Agreement shall terminate upon dissolution of the District for upon the completion of services or any Fiscal Year with or without cause effective on 60 days' notice.

D<sup>2</sup> is a Missouri limited liability company that is owned by Laura Lashley, Patrick Nasi and AT-International Consultants, L.L.C. ("ATIC"), a Missouri limited liability company that is wholly owned by Armstrong Teasdale LLP. Armstrong Teasdale LLP serves as Bond Counsel and special counsel to the District in connection with the issuance of the Bonds.

Currently, ATIC owns 80% of the membership interests, Ms. Lashley owns 10% of the membership interests and Mr. Nasi owns 10% of the membership interests in D<sup>2</sup>. Pursuant to the Operating Agreement for D<sup>2</sup>, Ms. Lashley and Mr. Nasi are employees of ATIC, which in turn leases their services on a full-time basis (at cost) to D<sup>2</sup>.

The Operating Agreement of D<sup>2</sup> designates Ms. Lashley and Mr. Nasi to serve as the Managers of D<sup>2</sup> and, as such, they are responsible for D<sup>2</sup>'s day-to-day operations. These responsibilities include without limitation the following: (a) to enter into agreements obligating D<sup>2</sup> to render non-legal consulting services to private and public clients engaged in real estate and economic development projects and any other contracted

arrangements related to business(es) approved by a majority of the membership interests; (b) to hold, manage and maintain the property on behalf of and in the name of D<sup>2</sup>; (c) to execute on behalf of D<sup>2</sup> all instruments and documents, including checks, documents providing for the acquisition or disposition of D<sup>2</sup>'s property, assignments, bills of sale and any other instruments or documents necessary to implement the decisions of the Managers of a majority of the membership interests; (d) to keep all members informed of all material matters concerning the business of D<sup>2</sup> (the Managers shall retain full records of each D<sup>2</sup> transaction and make such records available for inspection by any member at all reasonable times); and (e) to incur ordinary and necessary obligations on behalf of D<sup>2</sup>.

However, certain matters are reserved for the approval of a majority of the membership interests, including without limitation the following: (a) making any expenditures (other than in the ordinary course of business) until such time as all amounts owing to ATIC for its operating advances to D<sup>2</sup> have been paid in full; (b) setting salaries, other compensation or benefits of employees; (c) incurring indebtedness or liability which, in the aggregate, totals more than \$15,000; (d) entering into any contractual agreement the term of which extends beyond six months; (e) negotiating or obligating D<sup>2</sup> to (i) any merger with or acquisition of another entity or business, or (ii) sale or other transfer of the business or any assets of D<sup>2</sup>; and (f) distribution of any of the income or profits of D<sup>2</sup> to the members (other than salaries or other employment compensation as contemplated by the Operating Agreement or as otherwise approved by the members).

Pursuant to the Operating Agreement, ATIC has designated the following three individuals as liaisons to D<sup>2</sup>: Luis R. Lizarribar, Executive Director of Armstrong Teasdale LLP; James E. Mello, a partner of Armstrong Teasdale LLP; and Timothy J. Tryniecki, a partner of Armstrong Teasdale LLP. All membership voting and other decision-making authority on behalf of ATIC shall require the written consent of any two of the three ATIC liaisons. The Operating Agreement requires that the Managers of D<sup>2</sup> meet with the ATIC liaisons regularly on a monthly basis in order to provide a full report on the business and operations of D<sup>2</sup>.

### **Cooperation Agreement**

The District has entered into the Cooperation Agreement with the City pursuant to which the District has agreed to request an annual appropriation of the TDD Revenues (less the District's annual operating expenses) for application to the repayment of the Bonds. There is no legal obligation of the District to appropriate TDD Revenues. Because the District is located within a tax increment financing district formed under the TIF Act, 50% of the TDD Sales Taxes collected (hereinafter defined as the "TIF Portion of TDD Sales Tax Revenues") are required to be paid to the City for deposit to the accounts relating to the tax increment financing.

### **BONDOWNERS' RISKS**

*An investment in the Bonds is subject to a number of significant risk factors. The following is a discussion of certain risks that could affect payments to be made with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described herein.*

## Nature of the Obligations

The Bonds are limited obligations of the City and are payable solely from payable solely from Bond proceeds and Available Revenues and from amounts in the Debt Service Reserve Fund. The realization of such revenues is dependent upon, among other things, the capabilities of the Developer and future changes in economic and other conditions that are unpredictable and cannot be determined at this time.

## TIF Act Legal Challenge

The Missouri Supreme Court upheld the constitutionality of the TIF Act (prior to certain amendments thereto) in 1987. See “**TAX INCREMENT FINANCING IN MISSOURI–The TIF Act**” herein. Nevertheless, litigation regarding the constitutionality and application of the TIF Act is currently pending in various Missouri circuit courts. Circuit courts in Missouri are trial courts and decisions in those courts are not binding on other Missouri courts. Circuit court decisions, whether favorable or unfavorable with respect to the constitutionality and application of the TIF Act, may be appealed to a Missouri Court of Appeals and, ultimately, the Missouri Supreme Court. If the plaintiffs are successful in one or more of the currently pending cases, the court’s decision may interpret the requirements of the TIF Act in a manner adverse to the establishment of tax increment financing in the Redevelopment Area. It is not possible to predict whether an adverse holding in any current or future litigation would prompt a challenge to the adoption of tax increment financing in the Redevelopment Area or how that decision would be applied by a court with respect to the Redevelopment Area. If current or future litigation challenging all or any part of the TIF Act were to be applied to the adoption of tax increment financing in the Redevelopment Area, the Pledged Revenues may not be available to pay principal of and interest on the Bonds and the enforceability of the Indenture could be adversely affected. The City cannot predict or guarantee the outcome of any currently pending or future litigation challenging the constitutionality or the application of the TIF Act or the application by a court of a potential holding in any case to other tax increment projects.

## Risk of Non-Appropriation

The application of and Economic Activity Tax Revenues in the Special Allocation Fund is subject to annual appropriation by the City. Although the City has covenanted to request annually that the appropriation of the Economic Activity Tax Revenues in the Special Allocation Fund be included in the budget submitted to the Board of Aldermen for each fiscal year, there can be no assurance that such appropriation will be made by the Board of Aldermen, and the Board of Aldermen is not legally obligated to do so.

The application of TDD Revenues is subject to annual appropriation by the District. Although the District has covenanted in the Cooperation Agreement to request annually that the appropriation of TDD Revenues be included in the budget submitted to the District’s Board of Directors for each fiscal year, there can be no assurance that such appropriation will be made by the District’s Board of Directors, and the District’s Board of Directors is not legally obligated to do so.

## Financial Feasibility

The financial feasibility of the Redevelopment Project depends upon the continued operation of Shop ‘n Save as an operating the Grocery Store. **No other retailers operate within the Redevelopment Area or the District.** If Shop ‘n Save were to close operations and if the Developer were unable to find a replacement tenant, there would be insufficient Economic Activity Tax Revenues and TDD Revenues. Given that the only improvement within the Redevelopment Area and the District is a free-standing building constructed to be a Shop ‘n Save, it may be difficult for the Developer to find a replacement tenant.

No assurance can be given that environmental conditions do not now or will not in the future exist at the Redevelopment Area which could become the subject of enforcement actions by governmental agencies. Additionally, there can be no assurance that future environmental conditions, if any, would not adversely impact

the willingness of the public to frequent the Grocery Store. The amount of Economic Activity Tax Revenues and TDD Revenues is dependant upon the existence of economic activity, especially the purchase of goods, at the Grocery Store. See **“THE REDEVELOPMENT PROJECT–Environmental Assessment”** herein.

The Projections include assumptions relating to the completion and future occupancy of the Grocery Store and certain other significant assumptions. Some assumed events and circumstances inevitably will not materialize and unanticipated events and circumstances will occur subsequent to the date hereof. Therefore, the actual results achieved during the forecast period may vary from the forecast and the variations may be material.

#### **Reliance on the Developer, Tenants and Subsequent Property Owners**

The development of the Redevelopment Project has been undertaken by the Developer and those parties contracting with the Developer. The Developer is under no obligation to continue to own the Redevelopment Project for the term of the Bonds. **The Developer has listed the Redevelopment Project with a real estate agent in an attempt to sell all of its interests in the Redevelopment Project.** See **“THE REDEVELOPMENT PROJECT–The Developer”** herein. If the Developer sells all or any part of the Redevelopment Project, the payment of debt service on the Bonds will be dependent, in part, on currently unidentified subsequent owners of the Redevelopment Project to assure continued tenancies and operation of businesses generating Economic Activity Tax Revenues and TDD Revenues.

The Redevelopment Project is currently managed by the Developer. The Developer is under no obligation to continue to manage the Redevelopment Project. See the caption **“THE REDEVELOPMENT PROJECT – The Manager.”** Bondowners will be dependent on current and future managers of the Redevelopment Project to maintain occupancy and operation of businesses generating Economic Activity Tax Revenues and TDD Revenues.

In the event that Shop ‘n Save ceases operations at the Redevelopment Project, the Developer is not under any obligation to rent to tenants who generate Economic Activity Tax Revenues and TDD Revenues.

See the caption **“SUMMARY OF LEASES”** herein.

#### **No Mortgage of the Redevelopment Project**

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on the Redevelopment Project or any portion thereof. The Bonds are payable solely from the moneys in the Debt Service Reserve Fund; subject to annual appropriation by the City, the Economic Activity Tax Revenues deposited into the Special Allocation Fund; and subject to annual appropriation by the District, the TDD Revenues of the District.

#### **Changes in State and Local Tax Laws**

The Projections assume no substantial change in the basis of extending, levying and collecting Economic Activity Tax Revenues and TDD Revenues. Any change in the current system of collection and distribution of Economic Activity Tax Revenues or TDD Revenues in the County, the City or the District, including without limitation the reduction or elimination of any such tax, judicial action concerning any such tax or voter initiative, referendum or action with respect to any such tax, could adversely affect the availability of revenues to pay the principal of and interest on the Bonds. There can be no assurances, however, that the current system of collection and distribution of the Economic Activity Tax Revenues or TDD Revenues in the County, the District or the City will not be changed by any competent authority having jurisdiction to do so, including without limitation the State, the County, the City, the courts or the voters, and the Indenture does not limit the ability of the City to make any such changes with respect to City taxes.

## **Reduction in State and Local Tax Rates**

Any taxing district in the Redevelopment Area could lower its tax rate, which would have the effect of reducing the Economic Activity Tax Revenues derived from the Redevelopment Area. Such a reduction in rates could be as a result of a desire of the governing body of the taxing district to lower tax rates, taxpayer initiative, or in response to state or local litigation or legislation affecting the broader taxing structure within the taxing district.

## **Limitations on Remedies**

The remedies available to the Bondowners upon a default under the Indenture are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the “Federal Bankruptcy Code”). The various legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles which shall limit the specific enforcement under laws of the State of Missouri as to certain remedies; to the exercise by the United States of America of the powers delegated to it by the United States Constitution; and to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of Missouri and its governmental bodies, in the interest of serving an important public purpose.

## **Early Redemption Prior to Maturity**

Funds on deposit in the EATs Revenue Account of the Revenue Fund and the TDD Revenue Account of the Revenue Fund, subject to the limitations imposed by the Indenture, in excess of the amount required to pay rebate, if any, to the United States of America, to pay interest on the Bonds as and when due, to restore any deficiency in the Debt Service Reserve Fund and to pay certain fees and expenses, are available for the purpose of redeeming Bonds prior to maturity pursuant to the redemption provisions described in this Official Statement. See the section herein captioned **“THE BONDS – Redemption Provisions.” It is anticipated that a substantial portion of the Bonds will be redeemed prior to their stated maturity.** See **“PROJECTED AVERAGE LIFE OF THE BONDS”** herein.

## **Changes in Market Conditions**

The assessments and revenue estimates used in Projections and in the projected average life of the Bonds contained herein under the section captioned **“PROJECTED AVERAGE LIFE OF THE BONDS”** are based on the current status of the national and local business economy and assume a future performance of the retail market similar to the historical performance of such market in the Moline Acres, Missouri area. However, changes in the market conditions for the City, as well as changes in general economic conditions, could adversely effect the amount of Economic Activity Tax Revenues and TDD Revenues collected.

## **Factors Affecting Economic Activity Tax Revenues and TDD Revenues**

Economic Activity Tax Revenues and TDD Revenues are contingent and may be adversely affected by a variety of factors, including without limitation economic conditions within the Redevelopment Area and the District and the surrounding trade area and competition from other retail businesses, rental rates and occupancy rates in private developments in the Redevelopment Area, suitability of the Grocery Store for the local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism and rising operating costs, interruption or termination of operation of the Grocery Store as a result of fire, natural disaster, strikes or similar events, among many other factors. See the section herein captioned **“THE CITY – Employment.”** As a result of all of the above factors, it is difficult to predict with certainty the expected amount of Economic Activity Tax Revenues which will be available for appropriation from the Economic Activity Tax

Account of the Special Allocation Fund and TDD Revenues which will be available for appropriation which in turn will be available to pay the principal of and interest on the Bonds. Existing retail businesses outside of the Redevelopment Area and the District and the future development of retail businesses outside of the Redevelopment Area and District, which are competitive with retail businesses in the Redevelopment Area and the District may exist or may be developed after the date of this Official Statement.

**Products that are eligible for the federal Food Stamp program and are purchased cannot, by law, be subject to state or local sales taxes.** Many of the products sold in the Grocery Store and the are eligible for the Food Stamp program. The Projections make assumptions regarding the percentage of sales of goods with Food Stamps. To the extent that there is an increase in Food Stamps purchases above that which is assumed in the Projections, the expected amount of Economic Activity Tax Revenues and TDD Revenues which will be available for appropriation for payment of the principal of and interest on the Bonds would be reduced.

In addition to the foregoing, the partial or complete destruction of the Grocery Store, as a result of fire, natural disaster or similar casualty event or the temporary or permanent closing of the Grocery Store due to strikes or failure of the business would adversely affect the Economic Activity Tax Revenues derived from the Redevelopment Area and TDD Revenues and thereby adversely affect the revenues available to pay the Bonds and the interest thereon. Any insurance maintained by the owner of or the tenant in the Redevelopment Area for such casualty or business interruption is not likely to include coverage for sales taxes that otherwise would be generated by the establishment. The Developer is not under any obligation to rent to tenants who generate Economic Activity Tax Revenues or TDD Revenues.

### **Projections**

The forecasted annual Economic Activity Tax Revenues and TDD Revenues shown in the Projections and herein are based on certain assumptions concerning facts and events over which the City and the Developer will have no control. *No representation or warranty is or can be made about the amount or timing of any future income, loss, increased assessment or revenues, or that actual results will approach the projections contained in the section herein captioned “PROJECTED AVERAGE LIFE OF THE BONDS.”* Neither the City nor the District makes any representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Projections.

### **Debt Service Reserve Fund**

At the time of issuance of the Bonds, the Debt Service Reserve Fund will be established in an amount equal to \$227,165.63 (the “Debt Service Reserve Requirement”). There can be no assurance that the amounts on deposit in the Debt Service Reserve Fund will be available if needed for payment of the Bonds in the full amount of the Debt Service Reserve Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred to the Debt Service Fund, sufficient revenues may not be available in the Revenue Fund to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

### **Constitutional Challenge of Kentucky State Income Tax Exemption for Interest Paid on Tax-Exempt Bonds**

On May 21, 2007, the U.S. Supreme Court agreed to review a decision by a Kentucky state court regarding a statute that exempts interest on bonds issued by the state of Kentucky and political subdivisions of Kentucky but does not extend that exemption to interest on bonds issued by other states and political subdivisions. The court concluded that the exemption for interest on Kentucky bonds violated the Commerce Clause in the U.S. Constitution, as the state statute did not extend the exemption to interest paid on bonds issued in other states.



Bond Counsel will render its opinion that the interest on the Bonds is exempt from income taxation by the State of Missouri. Missouri law is similar to the Kentucky statute that is being challenged, and exempts interest on Missouri bonds, but not the interest on bonds issued in other states.

The City cannot predict either the outcome of the Kentucky case to be heard by the Supreme Court or what impact that case might have on the exemption from Missouri income tax of interest on the Bonds. Purchasers of the Bonds should consult their own tax advisors as to the potential impact on the Bonds of a decision by the U.S. Supreme Court in this matter.

#### **Determination of Taxability**

The Bonds are not subject to redemption, nor is the interest rate on the Bonds subject to adjustment, in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond is or was includible in the gross income of the Owner of a Bond for federal income tax purposes. Such determination may, however, result in a breach of the City's tax covenants set forth in the Indenture which may constitute an event of default under the Indenture. ***It may be that Bondowners would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.*** Likewise, the Indenture does not provide for the redemption of the Bonds or the payment of any additional interest or penalty on the Bonds if the interest thereon becomes includable in gross income for Missouri income tax purposes.

#### **Lack of Rating and Market for the Bonds**

The Bonds have not received any credit rating by any recognized rating agency. The absence of any such rating could adversely affect the ability of holders to sell the Bonds or the price at which the Bonds can be sold. No assurance can be given that a secondary market for the Bonds will develop following the completion of the offering of the Bonds.

### **PROJECTED AVERAGE LIFE OF THE BONDS**

Set forth below is a chart setting forth the projected cumulative redemption of the Bonds and the projected average life of the Bonds, taking into account the special mandatory redemptions of the Bonds, given the assumptions set forth in **Appendix A** hereto. THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE. NO GUARANTEE OR ASSURANCES MAY BE MADE THAT SUCH PROJECTIONS WILL CORRESPOND WITH THE RESULTS ACHIEVED IN THE FUTURE.

Case I assumes that revenues will be received in accordance with the projections set forth in Table 2-2 on page II-6 in **Appendix A** hereto. Case II assumes that 74% of such projected revenues set forth in **Appendix A** will actually be received. Each case assumes that Shop 'n Save will promptly pay its sales taxes and thus be entitled to retain 2% of the amount of taxes owed and that the moneys on deposit in the Revenue Fund and in the Debt Service Reserve Fund will earn interest at the rate of 3.00%.

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<u>As of</u>	<u>Case I</u>		<u>Case II</u>	
	<b>Redemption Amount</b>	<b>Cumulative Redemption</b>	<b>Redemption Amount</b>	<b>Cumulative Redemption</b>
November 1, 2007	\$ 0	\$ 0	\$ 0	\$ 0
May 1, 2008	55,000	55,000	5,000	5,000
November 1, 2008	65,000	120,000	30,000	35,000
May 1, 2009	65,000	185,000	25,000	60,000
November 1, 2009	75,000	260,000	35,000	95,000
May 1, 2010	75,000	335,000	35,000	130,000
November 1, 2010	80,000	415,000	35,000	165,000
May 1, 2011	80,000	495,000	40,000	205,000
November 1, 2011	90,000	585,000	40,000	245,000
May 1, 2012	90,000	675,000	40,000	285,000
November 1, 2012	95,000	770,000	50,000	335,000
May 1, 2013	100,000	870,000	45,000	380,000
November 1, 2013	100,000	970,000	50,000	430,000
May 1, 2014	105,000	1,075,000	55,000	485,000
November 1, 2014	115,000	1,190,000	55,000	540,000
May 1, 2015	115,000	1,305,000	55,000	595,000
November 1, 2015	120,000	1,425,000	60,000	655,000
May 1, 2016	125,000	1,550,000	65,000	720,000
November 1, 2016	130,000	1,680,000	65,000	785,000
May 1, 2017	135,000	1,815,000	70,000	855,000
November 1, 2017	140,000	1,955,000	70,000	925,000
May 1, 2018	145,000	2,100,000	75,000	1,000,000
November 1, 2018	150,000	2,250,000	80,000	1,080,000
May 1, 2019	155,000	2,405,000	80,000	1,160,000
November 1, 2019	165,000	2,570,000	85,000	1,245,000
May 1, 2020	385,000	2,955,000	90,000	1,335,000
November 1, 2020			90,000	1,425,000
May 1, 2021			95,000	1,520,000
November 1, 2021			105,000	1,625,000
May 1, 2022			100,000	1,725,000
November 1, 2022			110,000	1,835,000
May 1, 2023			110,000	1,945,000
November 1, 2023			115,000	2,060,000
May 1, 2024			120,000	2,180,000
November 1, 2024			125,000	2,305,000
May 1, 2025			130,000	2,435,000
November 1, 2025			135,000	2,570,000
May 1, 2026			140,000	2,710,000
November 1, 2026			245,000	2,955,000
<b>Average Life:</b>		<b>8.330 years</b>		<b>12.964 years</b>

Prospective purchasers of the Bonds should carefully review **Appendix A**, including particularly the assumptions underlying the forecasted Economic Activity Tax Revenues and TDD Revenues.

## THE REDEVELOPMENT PROJECT

### Overview

Pursuant to the TIF Act, the City designated a redevelopment area (the “Redevelopment Area”) on January 13, 2004 and designated St. Cyr Investment Co. (the “Developer”) as the developer of the Redevelopment Area. The City approved a redevelopment agreement with the Developer on February 10, 2004. On January 13, 2004, the City adopted tax increment financing within the Redevelopment Area. The Redevelopment Area contains approximately 5 acres. The Redevelopment Area is at the northwest corner of St. Cyr Road and Highway 367. The Redevelopment Area was studied and determined by the City to be a “blighted area” within the meaning of the TIF Act.

The Redevelopment Project consists of the construction of an approximately 53,000 square foot Shop ‘n Save Grocery Store, including a drive-thru pharmacy (the “Grocery Store”). Total parking for the Grocery Store is 271 spaces. See the caption **“SUMMARY OF LEASES”** below. The Shop ‘n Save opened for business on March 28, 2007. **It is not contemplated that there will be any other retailers within the Redevelopment Area.**

LaSalle Bank provided financing for the construction of the Redevelopment Project. The construction loan and bridge loan are secured by, among other things, deeds of trust, security agreements, assignments of leases and fixture filings, for the sole and exclusive benefit of LaSalle Bank.

### The Developer

The Developer is St. Cyr Investments Co., a Missouri corporation formed in 1959. The principal shareholder of the Developer is Mildred Goldberg. **The Developer has listed the Redevelopment Project with a real estate agent in an attempt to sell all of its interests in the Redevelopment Project.**

### Environmental Assessment

Shifrin & Associates, Inc., St. Louis, Missouri, prepared a Phase I Environmental Site Assessment dated March 7, 2005. It found no evidence of recognized environmental conditions except with respect to a gasoline filling/service station that had been located on the property on which underground storage tanks had been located. The prior owner, BP Amoco, is required to install groundwater monitoring wells with respect to the same.

### Construction

Pursuant to the lease with Shop ‘n Save, the Developer undertook site preparation work, including, without limitation, demolition of existing improvements; preparation of the building pad; paving and installation of concrete curbs, islands, sidewalks, interior roads and road systems and parking areas; provisions of utilities; and provisions of a storm sewer system. This work was performed by Ben F. Blanton Construction Inc. pursuant to an agreement with the Developer. Shop ‘n Save then undertook the construction of the Grocery Store. The Grocery Store opened on March 28, 2007.

### Management

No third-party manager has been retained to manage the Redevelopment Project.

### Competition

The Developer has identified the following as the primary competitors of the Grocery Store:

<u>Retailer</u>	<u>Location</u>	<u>Distance from Grocery Store</u>
Schnucks Supermarket	Florissant Avenue and Lucas and Hunt Road	1.95 miles west
Schnucks Supermarket	I-270 and Lewis and Clark Blvd.	2.54 miles north
Shop ‘n Save	I-270 and New Halls Ferry Road	2.75 miles north

Two Schnucks supermarkets, one approximately 2.39 miles northwest and one approximately 1.58 miles southwest of the Grocery Store, have recently closed upon the opening of the Schnucks Supermarket located at Florissant Avenue and Lucas and Hunt Road.

### **SUMMARY OF LEASES**

The Developer has entered into a lease agreement, as amended (the “Lease”), with Supervalu Inc. (the “Tenant”) pursuant to which the Tenant constructed the Grocery Store, following completion by the Developer of certain site preparation work. See **“THE REDEVELOPMENT PROJECT – Construction.”** The term of the Lease is for 20 years, with six five-year renewal terms. Pursuant to the Lease, the premises may be used for any lawful purpose. In addition, if the premises “Go Dark” (defined to mean that no business with the public has been conducted at the premises for 180 consecutive days, excluding any periods during which the Tenant is not conducting business due to casualty, repair, remodeling, force majeure or other reasons not within the Tenant’s reasonable control), the Developer may terminate the Lease.

### **THE TRANSPORTATION PROJECT**

The District undertook the following, which constitutes the “Transportation Project:”

- (a) construction of exits and entrances to and from public right-of-ways of St. Cyr Road;
- (b) improvements to public right-of-ways along St. Cyr Road;
- (c) parking lot improvements; and
- (d) accompanying grading, drainage, pavement, curb, gutter, sidewalk, stormwater facilities, structures (including any architectural treatments related thereto), signing, striping, lighting, traffic signals, landscaping or other similar or related infrastructure or improvement in connection with items (a) through (c) above.

The Transportation Project was completed in March 2007.

### **THE CITY**

*The Bonds are not a general obligation of the City and are payable solely from the revenues described herein. The following information regarding the City is provided as general background information only.*

#### **General**

The City is located in St. Louis County, Missouri, approximately 8 miles northwest of the City of St. Louis, Missouri. The City encompasses approximately 0.6 square miles.

## Population

The City had a population, as of the 2000 Census data, of 2,662 persons.

### Population Trends

<u>Year</u>	<u>Population</u>
1990	2,710
2000	2,662

### Age Distribution

The following table indicates the 2000 census counts of population by age categories in the City:

<u>Age</u>	<u>Population</u>	<u>Percentage of Total</u>
0 to 5 years old	163	6.1%
5 to 9 years old	239	9.0
10 to 14 years old	263	9.9
15 to 19 years old	228	8.6
20 to 24 years old	157	5.9
25 to 34 years old	311	11.7
35 to 44 years old	387	14.5
45 to 54 years old	407	15.3
55 to 59 years old	143	5.4
60 to 64 years old	92	3.5
65 to 74 years old	160	6.0
75 to 84 years old	91	3.4
Over 85 years old	21	0.8

Source: 2000 Census Data; percentages do not total 100% because of rounding.

## Income Statistics

The following table sets forth the 1999 income statistics for the City of Moline Acres, St. Louis County and the State of Missouri.

	<u>Per Capita Income</u>	<u>Median Household Income</u>	<u>% Families Below Poverty Level</u>
City of Moline Acres	\$12,739	\$32,229	16.7%
St. Louis County	27,595	50,542	5.0
State of Missouri	19,936	37,934	8.6

Source: 2000 US Census

## Property Tax Levies

The City does not impose a property tax levy.

## Sales Tax Levy

The sales tax rate in the City is 6.575%. The components are as follows:

State	
General Fund	3.000%
Education	1.000
Conservation	0.125
Parks and Soils	0.100
St. Louis County	
General	1.000%
Transportation	0.500
MetroLink	0.250
Park	0.100
City	
Capital Improvements	0.50

The City's tax rate does **not** include the Transportation Development District Sales Tax which is imposed by the District only within the boundaries of the District.

See **Appendix A** for a description of which components of the sales tax constitute Economic Activity Tax Revenues.

## ABSENCE OF LITIGATION

There is no controversy, suit or other proceeding of any kind pending or, to the City's knowledge, threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, the Redevelopment Plan, or the legality of any official act shown to have been done in connection with the issuance of the Bonds, or the constitutionality or validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Armstrong Teasdale LLP, St. Louis, Missouri, Bond Counsel, whose approving opinion will be delivered with the Bonds. The expected form of such opinion is attached as **Appendix C** hereto. Certain legal matters will be passed upon for the City by Donnell Smith & Associates, LLC, St. Louis, Missouri, for the District by Armstrong Teasdale LLP, St. Louis, Missouri, for the Developer by Polsinelli Shalton Flanigan Suelthaus PC, St. Louis, Missouri and for the Underwriter by Gilmore & Bell, P.C., St. Louis, Missouri.

## TAX MATTERS

### Opinion of Bond Counsel

*Federal and Missouri Tax Exemption.* In the opinion of Armstrong Teasdale LLP, Bond Counsel, under existing law, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal and Missouri income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted however, that for the purpose of computing the alternative minimum tax imposed on

corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

*Original Issue Discount Bonds.* In the opinion of Bond Counsel, subject to the conditions set forth above, the original issue discount in the selling price of each Bond sold in the initial offering at a price less than the principal amount thereof (hereinafter referred to as the “OID Bonds”), to the extent properly allocable to each owner of such OID Bond, is excludable from gross income for federal income tax purposes with respect to such owner. Original issue discount is the excess of the stated redemption price at maturity of an OID Bond over the initial offering price to the public (excluding underwriters and intermediaries) at which price a substantial amount of the OID Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. For an owner who acquires an OID Bond in this offering, the amount of original issue discount that accrues during any accrual period generally equals (i) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner’s tax basis in such OID Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of an OID Bond would be treated as gain from the sale or exchange of such Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether the application of the proposed original issue discount federal regulations will require them to include, for State and local income tax purposes, an amount of interest on the OID Bonds as income even though no corresponding cash interest payment is actually received during the tax year.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

### **Other Tax Consequences**

Prospective purchasers of the Bonds should be aware that there may be tax consequences of purchasing the Bonds other than those discussed under the caption “**TAX MATTERS – Opinion of Bond Counsel,**” including the following:

- (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code);
- (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds;
- (3) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code;
- (4) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have

Subchapter C earnings and profits at the close of the taxable year, if greater than 25 % of the gross receipts of such Subchapter S corporation is passive investment income; and

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

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

## UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Bonds from the City at an aggregate purchase price of \$2,844,187.50 (which takes into account an original issue discount of \$29,550.00 and an Underwriter’s discount of \$81,262.50). The Underwriter will be obligated to accept delivery and pay for all of the Bonds if any are delivered.

The Bonds are being purchased by the Underwriter from the City in the normal course of the Underwriter’s business activities. The Underwriter intends to offer the Bonds to the public at a price not in excess of the offering price set forth on the cover page of this Official Statement. The Underwriter may allow concessions from the public offering price to certain dealers, banks and others. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

## PROJECTIONS

Peckham, Guyton, Albers & Viets, Inc., St. Louis, Missouri, has prepared the Projections which are attached hereto as **Appendix A**. Certain financial and statistical data included in this Official Statement have been excerpted from the Projections. Neither the City nor the District make any representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Projections. No party assumes any responsibility to update such information after the delivery of the Bonds.

**Appendix A must be read in its entirety to understand the assumptions upon which the forecasts are based and the qualifications which have been made. There is no assurance that the forecasts will be achieved. Actual future events may vary from the forecasts, and such variances may be material.**

## NO RATINGS

The City has not applied to Standard & Poor’s, Moody’s Investors Service, Inc. or any other similar rating service for a rating of the Bonds.

## CERTAIN RELATIONSHIPS AMONG THE PARTIES

Development Dynamics, LLC serves as administrator for the District. It is owned, in part, by Armstrong Teasdale LLP, which is serving as Bond Counsel to the City with respect to the issuance of the Bonds. See “**THE DISTRICT–Development Dynamics**” herein. Armstrong Teasdale LLP also serves as special legal counsel to the District. See “**THE DISTRICT – Overview**” herein. Armstrong Teasdale LLP has represented the Underwriter in transactions unrelated to the issuance of the Bonds, but is not representing the Underwriter in connection with the issuance of the Bonds.



## **MISCELLANEOUS**

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Bonds do not purport to be complete and are qualified in their entirety by reference thereto.

## **CITY OF MOLINE ACRES, MISSOURI**

By: /s/ Fred J. Hodges, Jr.  
Mayor

**APPENDIX A**

**PROJECTIONS**

**CERTIFICATE AND CONSENT OF PECKHAM GUYTON ALBERS & VIETS, INC.**

**CITY OF MOLINE ACRES, MISSOURI  
TAX INCREMENT AND TRANSPORTATION  
DEVELOPMENT REVENUE BONDS  
SERIES 2007  
(St. Cyr Road Redevelopment Project)**

**(The "Bonds")**

In connection with the offering and sale of the Bonds, there has been prepared an Official Statement, dated May 25, 2007 setting forth information concerning the Bonds (the "Official Statement"). The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") that he is an authorized officer of Peckham Guyton Albers & Viets, Inc. ("PGAV") authorized to execute and deliver this certificate and further certifies on behalf of PGAV as follows:

1. PGAV was engaged by the Underwriter to prepare a report in connection with the issuance of the Bonds.

2. The information regarding the PGAV report in the Official Statement under the caption "APPENDIX A – PROJECTED REVENUE COLLECTIONS" is accurate and complete and does not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

3. PGAV hereby consents to the references to the PGAV report in the Official Statement.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this 24th day of May, 2007.

PECKHAM GUYTON ALBERS & VIETS, INC.



By:

\_\_\_\_\_  
Brian Pratt  
Director, Urban Consulting

# **Bond Feasibility Study**

## **For Tax Increment Financing and Transportation Development Refunding Revenue Bonds**

**St. Cyr Road Redevelopment Area  
City of Moline Acres, Missouri**

**Prepared For  
City of Moline Acres, Missouri**

**May 1, 2007**

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**PGAV**URBANCONSULTING  
ST. LOUIS, MISSOURI

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## **APPENDIX**

### **Appendix A - Supporting Plates**

Plate 1 – Redevelopment Area Map  
Plate 2 – Regional Overview Map

### **Appendix B - Detailed Tables**

Table B-1 – Initial Sales Projections  
Table B-2 – Projection of Incremental Sales Tax Revenues

### **Appendix C - Certifications**

## SECTION I INTRODUCTION

### A. PURPOSE OF THIS REPORT AND NATURE OF ASSIGNMENT

Stifel, Nicolaus & Company, Incorporated and the City of Moline Acres have retained Peckham Guyton Albers & Viets, Inc., Urban Consulting Group (“PGAV”) to develop an independent analysis of the revenue generation potential of the St. Cyr Road Redevelopment Area (“Area” or “Redevelopment Area”) located in Moline Acres, Missouri (also referred to as the “City”). The purpose of this report is to project the potential tax revenues available through the existing Tax Increment Financing (“TIF”) district and Transportation Development District (“TDD”) to support this bond issue.

### B. AREA BACKGROUND INFORMATION

On January 13, 2004 the City approved Ordinance Number 850 designating the St. Cyr Road Redevelopment Area and approving the Redevelopment Plan (“Plan”) and Redevelopment Project for the Area pursuant to the Real Property Tax Increment Allocation Redevelopment Act (R.S. Mo. Section 99.800 et seq.) ( “TIF Act”). A map displaying the boundaries of the Area is provided on **Plate 1 – Redevelopment Area Boundary Map** in **Appendix A** of this report. A map illustrating the location of the Area in the St. Louis Region is provided on **Plate 2 – Regional Overview Map** in **Appendix A** of this report. The Area is comprised of approximately 5.2 acres and is generally bounded by the City limits on the south and west, the eastern right-of-way line of Lewis and Clark Boulevard on the east, and the Caverhill Drive on the north.

The City solicited redevelopment proposals and designated St. Cyr Investment Company as the developer by Ordinance Number 846 on October 13, 2003. The City approved Ordinance Number 856 authorizing the approval of a Redevelopment Agreement (“Original Agreement”) dated February 10, 2004 with St. Cyr Investment Company (“Developer”). The First Amended and Restated Redevelopment Agreement (“First Amended Agreement”) was entered into on September 15, 2005, which amended and restated in its entirety the Original Agreement and set forth the respective rights and obligations of the City and Developer with regard to the redevelopment of the Redevelopment Area. The First Amended Agreement provided for the development of a new grocery store of not less than 42,000 square feet in the Area (“Redevelopment Project”). The First Amended Agreement provides public financial assistance through TIF and a TDD. A First Amendment to the First Amended Agreement, approved on January 12, 2007, increased the maximum Transportation Development District Sales Tax (“TDD Sales Tax”) to a rate of five-eighths percent (0.625%), with no other modifications to the First Amended Agreement.

The St. Cyr Road Transportation Development District (“St. Cyr Road TDD”) was formed on February 20, 2007 pursuant to the Transportation Development District Act (R.S.MO. Sections 238.20 to 238.275) (“TDD Act”) consisting of the same boundary as that of the Redevelopment Area. The TDD Sales Tax began collections on April 1, 2007. The purpose of this report is to project the potential TIF and TDD revenues available to support revenue bonds for the Redevelopment Area.

## **C. BASIS FOR PROJECTIONS**

This document and the financial projections contained herein are based on estimates, assumptions and information provided by the City; the office of the St. Louis County Assessor; the Developer; and various other sources considered to be reliable. PGAV neither verified nor audited the information that was provided by others. Information provided by others is assumed to be reliable but PGAV assumes no responsibility for its accuracy or certainty. The analysis is based, in part, on assumptions and conditions provided by these various sources. PGAV believes that the assumptions used in this analysis constitute a reasonable basis for its preparation.

The projections presented in this document are forward-looking and involve certain assumptions and judgments regarding future events. Although the projections formulated in this report are based on currently available information, they are also based on assumptions about the future state of the national and regional economy and the local real estate markets, as well as assumptions about future actions by various parties, which cannot be assured or guaranteed. The ability to achieve the results described herein depends on the timing and probability of a complex series of future events, both internal and external to the Redevelopment Area. Any event or action that alters an assumed event, assumption, or condition used to achieve the projections contained herein shall be considered a cause to void all financial projections contained in this analysis.

The tax revenue projections contained in this report represent prospective information, opinions, and estimates regarding a Redevelopment Project that took initial occupancy as of April 2007. These projections are not provided as predictions or assurances that a certain level of performance will be achieved or that certain events will occur. The actual results will vary from the projections described herein, and the variations may be material. Because the future is uncertain, there is risk associated with achieving the results projected. PGAV assumes no responsibility for any degree of risk involved. No significant change in market conditions is assumed in this analysis. PGAV assumes no liability should market conditions change.

Accordingly, PGAV does not express an opinion as to whether or not the development will achieve the results projected herein if economic, environmental, legislative, or physical events or conditions occur that would significantly affect the projected revenue streams. Specifically, there are a number of situations that could occur that would have major impacts on the revenue projections presented herein. Examples of events that could affect the projected availability of revenues include: changes in taxing provisions and/or market acceptance of the retail development that affect the amount of incremental tax revenues; and new rulings in the Missouri courts regarding tax increment financing or redevelopment.

The terms of PGAV's engagement for this study do not provide for reporting on events subsequent to the date of this report. Therefore, we accept no responsibility to either update or revise this report subsequent to its issuance. This report is intended solely for the internal use of the City of Moline Acres, its underwriter, and bond counsel. Neither this report nor its contents may be referred to or quoted, in whole or in part, for any purpose including, but not limited to, any official statement for a bond issue and consummation of a bond sale, any registration statement, prospectus, loan, or other agreement or document, without prior review and written approval by PGAV regarding any representations therein with respect to PGAV's organization and work product.



## SECTION II REVENUE PROJECTIONS

### A. OVERVIEW OF AVAILABLE REVENUE SOURCES

There are two sources of revenue available to support the repayment of TIF Obligations. These sources include:

- Pursuant to the First Amended Agreement, 50% of the incremental local economic activity taxes (EATS) that consist of certain sales and utility tax revenues over the amount of economic activity taxes generated by economic activities within the Redevelopment Area in the calendar year ending December 31, 2004 ("TIF Revenues"). The TIF Revenues are deposited into the EATS account of the Special Allocation Fund.
- The St. Cyr Road TDD has imposed a five-eighths percent (0.625%) TDD Sales Tax on all taxable retail sales made within the TDD, as provided in the TDD Act. The "bottom half" of all TDD Sales Taxes ("TDD Revenues"), or those TDD Sales Taxes not captured by TIF, which are often referred to as the "top half" TDD Sales Taxes, shall be deposited into a special trust fund held by the district to provide for the payment, subject to annual appropriation by the district, of principal of and interest on TIF Obligations issued in connection with the transportation improvements of the Redevelopment Project. The St. Cyr Road TDD shall keep accurate records of TDD Revenues received and costs incurred, and such records shall be open to inspection by the City at all reasonable times.

### B. BASIS FOR THE PROJECTION OF TAX REVENUE PERFORMANCE

The Redevelopment Project calls for an approximately 53,781 square foot Shop n Save grocery store which opened in April 2007.

TIF Revenues available for the TIF Obligations are generated during the Calendar Year 2004 through Calendar Year 2026 (Program Year 1 through Year 23). TDD Revenues will be available for TIF Obligations beginning on April 1, 2007, and ending when all TDD Obligations have been paid but not more than 40 years from the date the TDD was established. During the first three years, the Redevelopment Project received the necessary approvals, land was assembled, and the construction begun. Calendar Year 2007 will be the first year that significant TIF or TDD Revenues are generated.

Future revenue streams are presented on an accrued calendar-year basis. In relation to the TIF, as sales taxes are accrued during the course of the year, the sales tax collections are distributed normally until the certified base sales tax amount is exceeded. Once this threshold has been met, the required sales tax contributions are made to the Special Allocation Fund. In addition, a time lag will occur between the time that revenues are generated and the time they are collected, distributed, and deposited in the Special Allocation Fund. It is anticipated that this time lag will be approximately 3-4 months for sales tax revenues.

Projections of future revenues from this source over the described time period is based on a series of assumptions developed from existing, available information. These assumptions are described in the balance of this Section and in the detailed tables in **Appendix B**. These tables provide step-by-step assumptions and calculations used to generate the revenue projections and should be referenced for interpretation of the projections presented in this document.

### **C. SALES AND UTILITY TAXES (ECONOMIC ACTIVITY TAXES OR “EATS”)**

The TIF Act provides that:

*2. ...fifty percent of the total additional revenue from taxes imposed by the municipality, or other taxing district, which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotel and motels, licenses, fees or special assessments and personal property taxes, other than payments in lieu of taxes, shall be allocated to, and paid by the collecting officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate segregated account within the special allocation fund. (R.S. Mo. 99.845).*

The economic activity tax revenues that can be applied, subject to appropriation by the City, to the retirement of the TIF Obligations are the sales and utility taxes levied upon the properties that lie within the Redevelopment Area. These funds are to be deposited in a segregated account within the Special Allocation Fund. Such revenues generated by economic activity are subject to annual appropriation by the Board of Alderman of the City of Moline Acres. The statutory TIF Revenues, or “top half”, are available for retirement of the TIF Obligations. In total, fifty percent of the economic activity taxes generated within the Redevelopment Area are available for retirement of the TIF Obligations as provided for in the First Amended Agreement.

#### **C.1 Base Sales Taxes**

St. Louis County has certified that the Sales Tax Base as displayed on **Table 2-1 - Estimated Base Economic Activity Taxes (Base Year 2003)**. A copy of the certification is provided in **Appendix C**. St. Louis County collects and distributes the Countywide General Sales Tax; County Transportation Sales Tax; and the Metropolitan Parks and Recreation District Sales Tax. The City approved a Capital Improvements sales tax after the establishment of the TIF levied beginning in April 2006.

**Table 2-1**  
**Estimated Base Economic Activity Taxes (Base Year 2003)<sup>A</sup>**  
**St. Cyr Road Development Area**

<b>Tax Type</b>	<b>Tax Rate</b>	<b>Base Taxes</b>
Metro Park/Recreation	0.10%	\$324
St. Louis County Transportation (Pool)	0.50%	\$1,622
St. Louis County General (Pool)	1.00%	\$3,245
City Capital Improvements Tax	0.50%	\$0
<b>Total Base Sales Taxes</b>	<b>2.10%</b>	<b>\$5,191</b>

<sup>A</sup>Sales tax base provided and certified by the County.

The City's Capital Improvements Tax did not take effect until April 2006.

## **C.2 Sales Tax Rates**

There are several local sales taxes captured as tax increment financing revenues. St. Louis County levies a 1.00% General Sales Tax and a 0.50% Transportation Tax and the City began levying a 0.5% Capital Improvements Tax in April 2006.<sup>1</sup> In addition, the Metropolitan Parks and Recreation District (the regional park district) Sales Tax of 0.10% is captured, as well as the new 0.625% tax levied by the St. Cyr Road TDD. Fifty percent of the total sales tax of 2.725%, subject to annual appropriation by the Board of Alderman, may be applied to the retirement of TIF Obligations. This 50% of the sales tax revenues is often referred to as the "top half" of the sales tax revenue stream.

## **C.3 Utility Taxes**

Utility taxes are also an economic activity tax eligible for capture by TIF. This is typically a small amount of incremental revenue. The administration, determination, and collection of utility tax revenues from the various utility providers is extremely difficult. For the purposes of this report, incremental utility tax revenues are not included in the projected revenues that will be available for debt retirement. What utility tax revenues the City is ultimately able to collect will be in addition to the projections herein and will be deposited in the Special Allocation Fund to be applied, subject to annual appropriation by the Board of Alderman, to debt retirement.

## **C.4 Economic Activity Taxes Generated To Date**

To date, no incremental economic activity taxes have been generated or collected from the Redevelopment Area. The redevelopment project is not expected to generate significant TIF or TDD revenues until after construction was completed and the Redevelopment Project is occupied.

<sup>1</sup> St. Louis County also levies a 0.25% sales tax known as the Metro Mass Transit Tax that is excluded from TIF by the TIF Act.

## **C.5 Revenue Projections from Economic Activity Taxes (EATS)**

Several assumptions have been made regarding the sales performance of the shopping center. The Redevelopment Project may or may not produce revenues at the levels projected within this report. The actual sales revenues generated will vary from these projections. As stated earlier, the TIF Act requires that 50% of the incremental revenues generated from EATS be deposited in the Special Allocation Account Fund which may be appropriated annually by the City to the retirement of TIF obligations. Projections of the future sales performance of the proposed use is based on information provided by the Developer, information available to PGAV through our work with other projects, and available information on the performance of other grocery providers, including Shop n Save, in other areas of the St. Louis Region. Sales were assumed to grow at 2% annually over the life of the Redevelopment Area. The assumptions used to project sales performance are identified in **Table B-1, Initial Sales Projections**, in **Appendix B**. Projections of the sales taxes to be generated by the Redevelopment Area are displayed in **Table B-2, Projection of Incremental Sales Tax Revenues**, in **Appendix B**.

## **C.6 St. Cyr Road Transportation Development District Revenues**

The St. Cyr Road Transportation Development District has been established pursuant to the "TDD Act". A TDD is a type of special taxing district which can be formed to levy a tax or special assessment for the purpose of funding transportation related costs within the district. The St. Cyr Road TDD has imposed an additional sales tax of .625% to pay for transportation-related costs within the St. Cyr Road TDD boundaries. Fifty percent of this tax is captured as tax increment financing revenues – the "top half" TDD revenues. In addition, the St. Cyr Road TDD has agreed to annually request that the Board of Directors appropriate the remaining fifty percent, or "bottom half" revenues, to the repayment of TIF Obligations. The St. Cyr Road TDD began levying this sales tax on April 1, 2007. The projection of "bottom half" TDD Revenues is displayed on **Table B-2, Projection of Incremental Sales Tax Revenues**, in **Appendix B**.

The TDD Sales Tax is collected by the St. Cyr Road TDD after receipt from each individual business. In turn, the St. Cyr Road TDD, subject to annual appropriation, distributes the TDD Sales Tax to the City on a monthly basis. It is anticipated that there is a time lag of approximately 2-3 months for the TDD Sales Tax revenues to be made available to the Special Allocation Fund.

## **D. PROJECTED TOTAL REVENUES FOR TIF OBLIGATIONS**

**Table 2-2 - Summary of Projected Annual Revenues Available for Project Debt Retirement**, displayed on page II - 6, displays the incremental revenues that are projected to be available to be applied towards the TIF Obligations. The first column identifies the TIF year; the second column identifies the calendar year; the third column displays the projected 50% of the incremental sales tax available from the total of the previously identified sales tax levies; the fourth column displays the total statutory TIF revenues; the fifth column displays the TDD Revenues not captured as TIF Revenues; and the final column sums the total available for the retirement of the TIF Obligations. Tax revenues are indicated in the year they are generated, not distributed.

## **E. OTHER ASSUMPTIONS IMPACTING PROJECTED REVENUES**

All retail sales are reduced to account for the 2% “timely payment” discount and a 1% collection fee imposed by the State (or local collection agency in the case of the TDD).

Purchases made with food stamps and WIC are exempt from taxation in the State of Missouri. Therefore, the estimated annual taxable sales for the Shop n Save have been reduced by 25%. Industry sources and PGAV experience suggests that grocery providers in this portion of the St. Louis Metropolitan Region experience a 25% rate of overall sales paid through food stamps or WIC.

The Metro Parks and Recreation sales tax is not levied on grocery items. In order to account for this tax it is assumed that 20% of the total sales are non-grocery items and are therefore taxed.

**Table 2-2**  
**Summary of Projected Annual Revenues Available for Project Debt Retirement<sup>1,2</sup>**

**St. Cyr Road Redevelopment Area**

TIF Year	Calendar Year	Sales Taxes <sup>3</sup> (Top 50%)	TOTAL TIF REVENUES		Transportation Dev. District (Bottom 50%)		TOTAL TAX REVENUES FOR DEBT RETIREMENT
1	2004	0	0		0		0
2	2005	0	0		0		0
3	2006	0	0		0		0
4	2007	158,470	158,470		39,285		197,755
5	2008	221,615	221,615		54,206		275,821
6	2009	233,689	233,689		57,059		290,748
7	2010	238,518	238,518		58,200		296,718
8	2011	243,443	243,443		59,364		302,807
9	2012	248,468	248,468		60,551		309,019
10	2013	253,593	253,593		61,762		315,355
11	2014	258,821	258,821		62,997		321,818
12	2015	264,153	264,153		64,257		328,410
13	2016	269,591	269,591		65,542		335,133
14	2017	275,139	275,139		66,853		341,992
15	2018	280,798	280,798		68,190		348,988
16	2019	286,569	286,569		69,554		356,123
17	2020	292,456	292,456		70,945		363,401
18	2021	298,461	298,461		72,364		370,825
19	2022	304,586	304,586		73,811		378,397
20	2023	310,832	310,832		75,287		386,119
21	2024	317,205	317,205		76,793		393,998
22	2025	323,705	323,705		78,329		402,034
23	2026	330,335	330,335		79,896		410,231
	<b>TOTAL</b>	<b>\$5,410,447</b>	<b>\$5,410,447</b>		<b>\$1,315,245</b>		<b>\$6,725,692</b>

<sup>1</sup> See assumptions for interpretation of these projections.

<sup>2</sup> These projections represent revenues generated by year-end, not time of receipt and allocation to the Special Allocation Fund. Tax revenues generated over the course of the year must exceed the Base before distribution as TIF revenues to the Special Allocation Fund. Totals are rounded.

<sup>3</sup> The "top" 50% of the Transportation Development District (TDD) Sales Taxes are captured by TIF. The "bottom" half is distributed to the TDD.

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## SECTION III

### CONDITIONS AND ASSUMPTIONS

The conditions and assumptions that apply to the revenue projections in this document are stated throughout. A negative change in the conditions that form the basis of the assumptions used in developing the projections contained in this report could adversely affect the tax base and projections of the increment and TDD revenues. In order to project future tax revenues, and hence the tax incremental revenues and TDD revenues which may be generated by the Redevelopment Area, certain assumptions must be made with regard to actions, both internal and external to the Redevelopment Project, such as actions by private businesses and land owners, national and local economic conditions, public support, and legislative changes. The contents of this document are forward-looking and involve certain assumptions and judgments regarding uncertainties in the future.

As noted in Section I of this report, the ability to achieve the revenue projections presented in this evaluation is contingent upon the timing and probability of a number of complex conditions being met in the future and certain assumptions holding true. PGAV makes no assertions as to the degree of impact that changes in any of these conditions would have upon the revenue projections included herein. Any event or action that alters an assumed event, assumption, or condition used to achieve the projections contained herein shall be considered a cause to void all financial projections contained in this report. These assumptions include such conditions as listed below.

#### A. REDEVELOPMENT PROJECT

It is assumed that the Redevelopment Project will operate with the known tenant or tenant of comparable quality and tax generation capacity throughout the life of the bond issue.

#### B. CONTINUED PUBLIC SUPPORT

The successful ongoing implementation of the St. Cyr Road Redevelopment Area and the Redevelopment Project will require the commitment of the Moline Acres Board of Alderman, the Mayor, City staff, and Board of Directors of the St. Cyr Road TDD, without which many essential tasks of administering the TIF and allocating the funds towards the retirement of the TIF Bonds would be hindered or brought to a halt. Likewise, it is assumed that the Missouri legislature will not make any changes to the Act or pass other legislation that will negatively affect the Redevelopment Area in existence prior to such changes or legislation. It is assumed that the Missouri Legislature will not make any changes to the TIF Act or TDD Act to pass other legislation that will negatively affect the Area in existence prior to such changes or legislation.

#### C. COURT ACTION

The results of future court decisions, unknown at this time, could impact, either positively or negatively, implementation of the Redevelopment Plan as envisioned.

#### **D. COMPETENT STAFF SUPPORT**

The future success of the implementation of the Plan will depend to a great degree on the presence of competent support of a number of entities in order to adhere to the Plan schedule and to execute the administrative duties required by both the TIF and TDD statutes and the City's own adopted procedures. These entities include:

- City management staff and consultants;
- The Developer and Project Owners;
- St. Louis County and the State of Missouri sales tax collection agencies; and
- St. Cyr Road Transportation Development District Board.

#### **E. NO NATURAL DISASTERS, LABOR STRIKES, OR ACTS OF TERRORISM**

The future success of the Redevelopment Project could be affected by fires, floods, storms, or other "Acts of God" which could alter the value of existing physical improvements in the Redevelopment Area, as well as modify or prevent the timely completion of future projects. The same could be true of prolonged labor strikes adversely affecting business productivity, or acts of terrorism that could impact the Redevelopment Project, regional, or national conditions.

#### **F. ECONOMIC AND MARKET STABILITY**

National, regional, and local economic stability will need to prevail over the course of the Plan timeframe and continue to support the need for retail uses at this location.



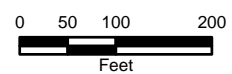
# Appendix A

Supporting Plates

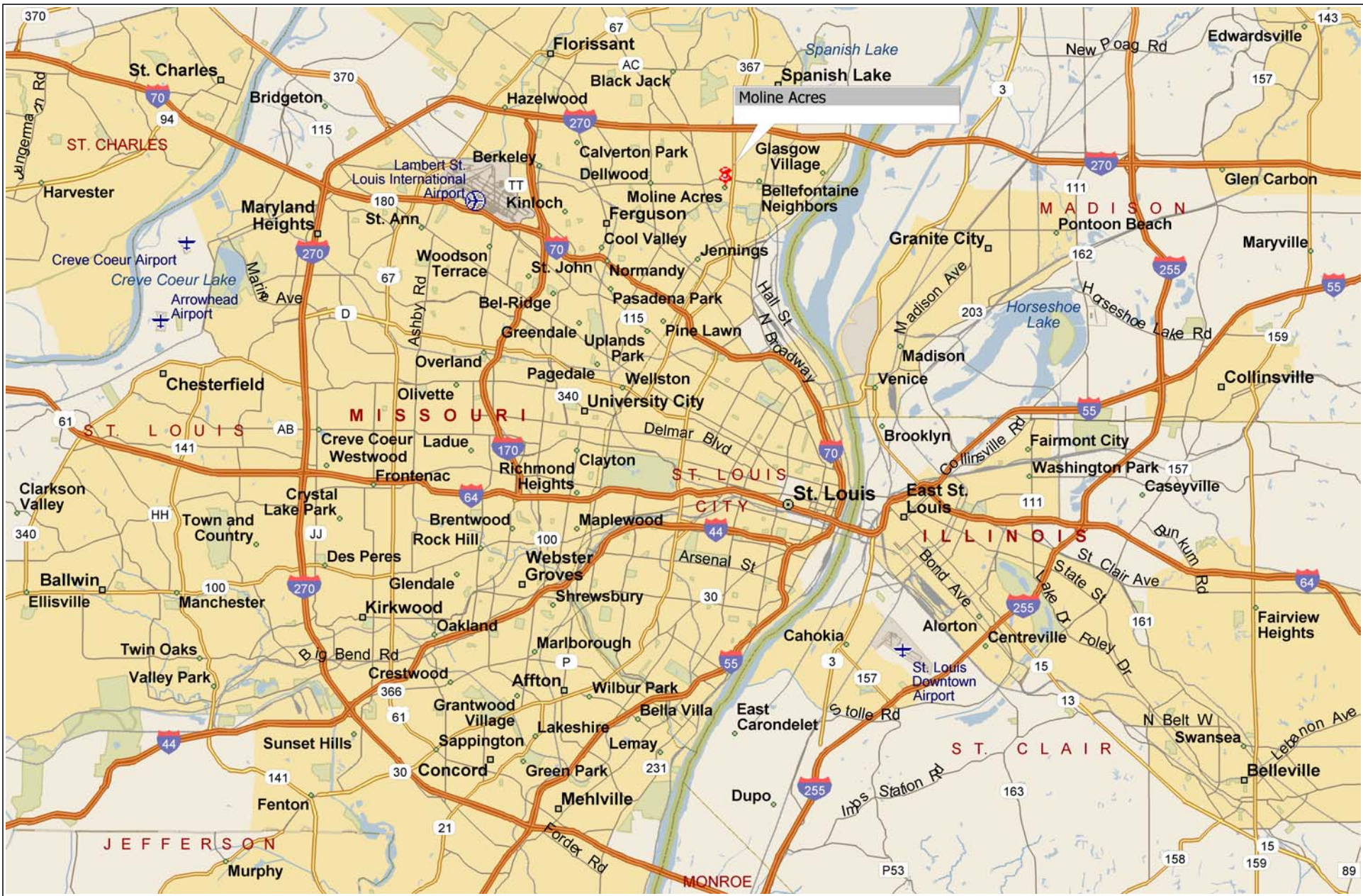


APRIL 2007

Plate 1  
Redevelopment Area Boundary Map  
St. Cyr Road Redevelopment Area  
City of Moline Acres, Missouri



## Moline Acres, MO



# Appendix B

## Detailed Tables

**Table B-1  
Initial Sales Projections  
St. Cyr Road Redevelopment Area**

Space	Use	Size	Units	Assumed Taxable Sales Per Square Foot (SF)	Annual Sales <sup>1</sup>			
					2007	2008	2009	2010
A	Shop n Save <sup>3</sup>	53,781	SF	\$350	\$12,959,876	\$17,882,183	\$18,823,350	\$19,199,817
<b>Total</b>		<b>53,781</b>	<b>SF</b>		<b>\$12,959,876</b>	<b>\$17,882,183</b>	<b>\$18,823,350</b>	<b>\$19,199,817</b>

<sup>1</sup>Annual sales are based on anticipated sales per SF. 2007 sales are projected at 90% beginning in April and 2008 sales are at 95%.

<sup>2</sup>2009 represents the year when full sales potential is achieved by the Shop n Save grocery store.

<sup>3</sup>The sales per square foot for the Shop n Save grocery have been reduced by 25% to account for sales attributable to food stamps and WIC, which are sales not taxed in the State of Missouri. Actual total (taxable and non-taxable) sales per SF is equal to \$465.

**Table B - 2**  
**Projection of Incremental Sales Tax Revenues**  
**Sheet 1 of 2**  
**Tax Increment Financing & Transportation Development District Revenue Projections** <sup>1,2,3,7</sup>  
**St. Cyr Road Redevelopment Area**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars											
		2004 <sup>4</sup>	2005 <sup>4</sup>	2006 <sup>5,6</sup>	2007 <sup>5</sup>	2008 <sup>5</sup>	2009 <sup>5</sup>	2010	2011	2012	2013	2014	2015
		1	2	3	4	5	6	7	8	9	10	11	12
Projected Taxable Sales Volume					12,959,876	17,882,183	18,823,350	19,199,817	19,583,813	19,975,489	20,374,999	20,782,499	21,198,149
Projected Sales Tax Revenues													
Metro Park/Recreation	0.10%				2,514	3,469	3,652	3,725	3,799	3,875	3,953	4,032	4,112
St. Louis County Transportation	0.50%				62,855	86,729	91,293	93,119	94,981	96,881	98,819	100,795	102,811
St. Louis County General	1.00%				125,711	173,457	182,586	186,238	189,963	193,762	197,637	201,590	205,622
City Capital Improvement	0.50%				62,855	86,729	91,293	93,119	94,981	96,881	98,819	100,795	102,811
Transportation Development District	0.625%				78,569	108,411	114,117	116,399	118,727	121,101	123,523	125,994	128,514
Total Projected Sales Tax Revenues					332,504	458,795	482,941	492,600	502,451	512,500	522,751	533,206	543,870
Base Sales		324,475	324,475	324,475	324,475	324,475	324,475	324,475	324,475	324,475	324,475	324,475	324,475
Metro Park/Recreation	0.10%				324	324	324	324	324	324	324	324	324
St. Louis County Transportation	0.50%				1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622
St. Louis County General	1.00%				3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245
City Capital Improvement	0.50%				0	0	0	0	0	0	0	0	0
Transportation Development District	0.625%				0	0	0	0	0	0	0	0	0
Total Base Sales Taxes					5,191	5,191	5,191	5,191	5,191	5,191	5,191	5,191	5,191
Total Incremental Sales Taxes													
Metro Park/Recreation	0.10%				2,190	3,145	3,328	3,401	3,475	3,551	3,629	3,708	3,788
St. Louis County Transportation	0.50%				61,233	85,107	89,671	91,497	93,359	95,259	97,197	99,173	101,189
St. Louis County General	1.00%				122,466	170,212	179,341	182,993	186,718	190,517	194,392	198,345	202,377
City Capital Improvement	0.50%				62,855	86,729	91,293	93,119	94,981	96,881	98,819	100,795	102,811
Transportation Development District	0.625%				78,569	108,411	114,117	116,399	118,727	121,101	123,523	125,994	128,514
100% of Incremental Sales Taxes					327,313	453,604	477,750	487,409	497,260	507,309	517,560	528,015	538,679
50% of Incremental Sales Taxes													
Metro Park/Recreation	0.10%				1,095	1,573	1,664	1,701	1,738	1,776	1,815	1,854	1,894
St. Louis County Transportation	0.50%				30,617	42,554	44,836	45,749	46,680	47,630	48,599	49,587	50,595
St. Louis County General	1.00%				61,233	85,106	89,671	91,497	93,359	95,259	97,196	99,173	101,189
City Capital Improvement	0.50%				31,428	43,365	45,647	46,560	47,491	48,441	49,410	50,398	51,406
Transportation Development District	0.625%				39,285	54,206	57,059	58,200	59,364	60,551	61,762	62,997	64,257
Total TIF Revenues		0	0	0	163,658	226,804	238,877	243,707	248,632	253,657	258,782	264,009	269,341
Total TDD Revenues ("Bottom Half")		0	0	0	39,285	54,206	57,059	58,200	59,364	60,551	61,762	62,997	64,257
Total Revenue for Obligations		0	0	0	202,943	281,010	295,936	301,907	307,996	314,208	320,544	327,006	333,598

<sup>1</sup> These projections are based on a series of assumptions and should be used only to provide an indication of how the project may perform.

<sup>2</sup> These projections represent revenues generated by year-end, not time of receipt and allocation to the Special Allocation Fund. Tax revenues generated over the course of the year must exceed the Base before distribution as TIF revenues to the Special Allocation Fund.

<sup>3</sup> Growth in sales is assumed to occur at 2% annually. The 1% collection fee imposed by the State of Missouri, or local collection agency for the TDD is subtracted from the projected sales taxes, as well as the 2% timely payment discount.

<sup>4</sup> No incremental sales taxes were generated during years 2004-2006.

<sup>5</sup> See Table B-1 for explanation of projected taxable revenues during these years.

<sup>6</sup> TDD started tax collection on April 1, 2007.

<sup>7</sup> The Metro Parks and Recreation tax is not levied on grocery items.

See assumptions for projecting future activity for interpretation of these projections.



**Table B - 2**  
**Projection of Incremental Sales Tax Revenues**  
**Sheet 2 of 2**

**Tax Increment Financing & Transportation Development District Revenue Projections<sup>1,2,3</sup>**  
**St. Cyr Road Redevelopment Area**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
		13	14	15	16	17	18	19	20	21	22	23
<b>Projected Taxable Sales Volume</b>		<b>21,622,112</b>	<b>22,054,554</b>	<b>22,495,645</b>	<b>22,945,558</b>	<b>23,404,469</b>	<b>23,872,558</b>	<b>24,350,009</b>	<b>24,837,009</b>	<b>25,333,749</b>	<b>25,840,424</b>	<b>26,357,232</b>
<b>Projected Sales Tax Revenues</b>												
Metro Park/Recreation	0.10%	4,195	4,279	4,364	4,451	4,540	4,631	4,724	4,818	4,915	5,013	5,113
St. Louis County Transportation	0.50%	104,867	106,965	109,104	111,286	113,512	115,782	118,098	120,459	122,869	125,326	127,833
St. Louis County General	1.00%	209,734	213,929	218,208	222,572	227,023	231,564	236,195	240,919	245,737	250,652	255,665
City Capital Improvement	0.50%	104,867	106,965	109,104	111,286	113,512	115,782	118,098	120,459	122,869	125,326	127,833
Transportation Development District	0.625%	131,084	133,706	136,380	139,107	141,890	144,727	147,622	150,574	153,586	156,658	159,791
<b>Total Projected Sales Tax Revenues</b>		<b>554,747</b>	<b>565,844</b>	<b>577,160</b>	<b>588,702</b>	<b>600,477</b>	<b>612,486</b>	<b>624,737</b>	<b>637,229</b>	<b>649,976</b>	<b>662,975</b>	<b>676,235</b>
<b>Base Sales</b>		<b>324,475</b>	<b>324,475</b>	<b>324,475</b>	<b>324,475</b>	<b>324,475</b>	<b>324,475</b>	<b>324,475</b>	<b>324,475</b>	<b>324,475</b>	<b>324,475</b>	<b>324,475</b>
Metro Park/Recreation	0.10%	324	324	324	324	324	324	324	324	324	324	324
St. Louis County Transportation	0.50%	1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622
St. Louis County General	1.00%	3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245
City Capital Improvement	0.50%	0	0	0	0	0	0	0	0	0	0	0
Transportation Development District	0.625%	0	0	0	0	0	0	0	0	0	0	0
<b>Total Base Sales Taxes</b>		<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>
<b>Total Incremental Sales Taxes</b>												
Metro Park/Recreation	0.10%	3,871	3,955	4,040	4,127	4,216	4,307	4,400	4,494	4,591	4,689	4,789
St. Louis County Transportation	0.50%	103,245	105,343	107,482	109,664	111,890	114,160	116,476	118,837	121,247	123,704	126,211
St. Louis County General	1.00%	206,489	210,684	214,963	219,327	223,778	228,319	232,950	237,674	242,492	247,407	252,420
City Capital Improvement	0.50%	104,867	106,965	109,104	111,286	113,512	115,782	118,098	120,459	122,869	125,326	127,833
Transportation Development District	0.625%	131,084	133,706	136,380	139,107	141,890	144,727	147,622	150,574	153,586	156,658	159,791
<b>100% of Incremental Sales Taxes</b>		<b>549,556</b>	<b>560,653</b>	<b>571,969</b>	<b>583,511</b>	<b>595,286</b>	<b>607,295</b>	<b>619,546</b>	<b>632,038</b>	<b>644,785</b>	<b>657,784</b>	<b>671,044</b>
<b>50% of Incremental Sales Taxes</b>												
Metro Park/Recreation	0.10%	1,936	1,978	2,020	2,064	2,108	2,154	2,200	2,247	2,296	2,345	2,395
St. Louis County Transportation	0.50%	51,623	52,672	53,741	54,832	55,945	57,080	58,238	59,419	60,624	61,852	63,106
St. Louis County General	1.00%	103,245	105,342	107,482	109,664	111,889	114,160	116,475	118,837	121,246	123,704	126,210
City Capital Improvement	0.50%	52,434	53,483	54,552	55,643	56,756	57,891	59,049	60,230	61,435	62,663	63,917
Transportation Development District	0.625%	65,542	66,853	68,190	69,554	70,945	72,364	73,811	75,287	76,793	78,329	79,896
<b>Total TIF Revenues</b>		<b>274,780</b>	<b>280,328</b>	<b>285,985</b>	<b>291,757</b>	<b>297,643</b>	<b>303,649</b>	<b>309,773</b>	<b>316,020</b>	<b>322,394</b>	<b>328,893</b>	<b>335,524</b>
<b>Total TDD Revenues ("Bottom Half")</b>		<b>65,542</b>	<b>66,853</b>	<b>68,190</b>	<b>69,554</b>	<b>70,945</b>	<b>72,364</b>	<b>73,811</b>	<b>75,287</b>	<b>76,793</b>	<b>78,329</b>	<b>79,896</b>
<b>Total Revenue for Obligations</b>		<b>340,322</b>	<b>347,181</b>	<b>354,175</b>	<b>361,311</b>	<b>368,588</b>	<b>376,013</b>	<b>383,584</b>	<b>391,307</b>	<b>399,187</b>	<b>407,222</b>	<b>415,420</b>

<sup>1</sup>These projections are based on a series of assumptions and should be used only to provide an indication of how the project may perform.

<sup>2</sup>These projections represent revenues generated by year-end, not time of receipt and allocation to the Special Allocation Fund. Tax revenues generated over the course of the year must exceed the Base before distribution as TIF revenues to the Special Allocation Fund.

<sup>3</sup>Growth in sales is assumed to occur at 2% annually. The 1% collection fee imposed by the State of Missouri, or local collection agency for the TDD, is subtracted from the projected sales taxes, as well as the 2% timely payment discount. See assumptions for projecting future activity for interpretation of these projections.

# Appendix C

## Certifications



Charlie A. Dooley  
County Executive

Saint Louis  
**COUNTY**  
**REVENUE**

Eugene K. Leung  
Director of Revenue

Revised Letter  
April 30, 2007

Mr. George H. Murphy  
City of Moline Acres  
2449 Chambers Rd  
St. Louis, MO 63136

RE: Moline Acres T1, St. Cyr Road T.I.F.

Dear Mr. Murphy,

According to our sales tax files, the attached list of businesses are located in the boundaries of the City of Moline Acres T1, St. Cyr Road T.I.F. This listing will correct the sales tax base for what was distributed by St. Louis County in this T.I.F. area for 2003.

The following is the T.I.F. base sales tax for 2003:

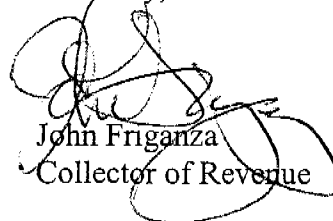
County Sales Tax (1%) Pool City	\$	3,244.75
Transportation Sales Tax (½%)	\$	1,622.40
Parks Tax (1/10%)	\$	324.49

If you disagree with the inclusion of a particular business or the amount of sales tax generated by a business, please supply specific reasons on a separate document.

If you agree with the list of businesses and total sales tax generated for base indicated above, please have an authorized representative of the municipality sign this document indicating agreement with the T.I.F. base and return to the Collector of Revenue.

I Agree \_\_\_\_\_  
Signature of City Authorized Representative

Sincerely,

  
John Friganza  
Collector of Revenue

/nk

Enclosures

cc: Deborah K. Deuster, Armstrong Teasdale LLP ✓

COLLECTION DIVISION

## **APPENDIX B**

### **Definitions and Summary of the Indenture, the Cooperation Agreement and the Continuing Disclosure Agreement**

#### **DEFINITIONS**

In addition to the words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms as used in the Indenture and this Official Statement.

*“Acquisition Costs”* has the meaning given such term in the Redevelopment Agreement.

*“Authorized City Representative”* means any person from time to time designated to act on behalf of the City as evidenced by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the City by its Mayor. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized City Representative.

*“Authorized Denominations”* means \$5,000 or any integral multiple thereof.

*“Available Revenues”* means all Net Revenues and moneys held in the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund under the Indenture, together with investment earnings thereon.

*“Bond”* or *“Bonds”* means any bond or bonds authenticated and delivered under and pursuant to the Indenture.

*“Bond Counsel”* means Armstrong Teasdale LLP, St. Louis, Missouri, or an attorney-at-law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions duly admitted to the practice of law before the highest court of the State, and which is selected by the City and is acceptable to the Trustee.

*“Bond Ordinance”* means the ordinance adopted by the Board of Aldermen of the City on May 23, 2007, approving the Indenture and the issuance of the Bonds.

*“Business Day”* means any day other than a Saturday, Sunday or any other day on which banking institutions in the city in which the principal corporate trust office or payment office of the Trustee is located are required or authorized by law to close.

*“City”* means the City of Moline Acres, Missouri, a city of the fourth class duly organized and existing under the laws of the State.

*“Code”* means the Internal Revenue Code of 1986, as amended, and the applicable regulations, temporary regulations and proposed regulations thereunder.

*“Collection Agreement”* means the Sales Tax Collection Services Agreement, dated as of May 18, 2007, between the District and Development Dynamics, LLC, as amended or supplemented from time to time.

*“Cooperation Agreement”* means the Intergovernmental Cooperation Agreement dated as of May 1, 2007 between the City and the District, as amended or supplemented from time to time.

*“Costs of Issuance”* means all costs reasonably incurred in furtherance of the issuance of the Bonds, including but not limited to the issuance fees of the City, attorney’s fees, the fees and expenses of financial advisors and consultants (including with respect to any feasibility study), trustee’s fees, underwriter’s discounts and fees, the costs of preparing any Bonds, the cost of printing any official statements relating to the Bonds, the costs of credit enhancement, if any, and the fees of any rating agency rating any Bonds.

*“Debt Service Fund”* means the fund by that name created in the Indenture.

*“Debt Service Reserve Fund”* means the fund by that name created in the Indenture.

*“Debt Service Reserve Requirement”* means the sum of \$227,165.63.

*“Developer”* means St. Cyr Investment Co., a Missouri corporation, and any successors or assigns thereto permitted under the Redevelopment Agreement.

*“District”* means the St. Cyr Transportation Development District, a transportation development district and a political subdivision of the State of Missouri, formed pursuant to the TDD Act.

*“EATs”* or *“Economic Activity Tax Revenues”* means, subject to annual appropriation by the City as provided in the TIF Act, 50% of the total additional revenue from taxes imposed by the City or other taxing districts (as that term is defined in Section 99.805 of the TIF Act) which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in the calendar year ending December 31, 2003, but excluding therefrom any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments, other than payments in lieu of taxes, and personal property taxes and taxes levied for the purpose of public transportation pursuant to Section 94.660, RSMo.

*“Event of Default”* means any event or occurrence as defined in the Indenture.

*“Fiscal Year”* means the fiscal year adopted by the City for accounting purposes, which as of the execution of the Indenture commences on January 1 and ends on December 31.

*“Government Securities”* means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America and backed by the full faith and credit thereof.

*“Indenture”* means the Trust Indenture dated as of May 1, 2007 between the City and the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

*“Investment Securities”* means any of the following securities purchased in accordance with the Indenture, if and to the extent the same are at the time legal for investment of the funds being invested:

(a) Government Securities;

(b) bonds, notes or other obligations of the State, or any political subdivision of the State, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, including, without limitation, the Trustee or any of its affiliates, that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above and have a

market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

(d) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(e) certificates of deposit or time or demand deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, including, without limitation, the Trustee or any of its affiliates, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) or (b) above, which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits;

(f) money market mutual funds that are invested in Government Securities or repurchase agreements fully collateralized by Government Securities; and

(g) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State.

*“Maturity”* when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and in the Indenture provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

*“Net Revenues”* means all TIF Revenues and all TDD Revenues (including investment earnings thereon).

*“Opinion of Counsel”* means a written opinion of counsel who is acceptable to the Trustee.

*“Outstanding”* means, when used with reference to Bonds, as of a particular date, all Bonds theretofore authenticated and delivered under the Indenture except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds which are deemed to have been paid in accordance with the Indenture;

(c) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Indenture; and

(d) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture.

*“Owner”* or *“Registered Owner”* means the Person in whose name any Bond is registered on the Register.

*“Paying Agent”* means the Trustee and any other bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated by the Indenture as paying agent for the Bonds at which the principal of and interest on such Bonds shall be payable.

*“Payment Date”* means any date on which the principal of or interest on any Bonds is payable.

*“Person”* means any natural person, firm, partnership, association, corporation, limited liability company or public body.

*“Project”* means the Redevelopment Project and the Transportation Project, collectively.

*“Project Fund”* means the fund by that name created in the Indenture.

*“Rebate Fund”* means the fund by that name created in the Indenture.

*“Record Date”* for the interest payable on any Payment Date means the fifteenth day of the calendar month, whether or not a Business Day, of the month next preceding such Payment Date.

*“Redevelopment Agreement”* means the First Amended and Restated Redevelopment Agreement dated as of September 15, 2005, as amended by the First Amendment to First Amended and Restated Redevelopment Agreement dated as of January 12, 2007, by and between the City and the Developer., as such agreement may be further amended from time to time.

*“Redevelopment Area”* means the area defined as such in the Redevelopment Plan.

*“Redevelopment Plan”* means the plan titled “Redevelopment Plan – St. Cyr Road Redevelopment Area, City of Moline Acres, Missouri, dated September 19, 2003, as revised and amended, and as approved by the Board of Aldermen of the City on January 13, 2004, as such plan may from time to time be amended in accordance with the TIF Act.

*“Redevelopment Project”* means the project described in the Redevelopment Plan and the Redevelopment Agreement. See **“THE REDEVELOPMENT PROJECT.”**

*“Redevelopment Project Costs”* means all reasonable or necessary costs actually incurred in performing the Work and any such costs incidental to the Redevelopment Plan or the Redevelopment Project. Such costs include, but are not limited to, the following: (a) costs of all due diligence permitted under the Indenture, including studies, surveys, plans, reports, tests, and specifications; (b) professional service costs, including, but not limited to, architectural, engineering, legal, marketing, financial, planning, or special services subject to the limitations contained in Section 99.805(14)(b) of the TIF Act; (c) Acquisition Costs; (d) costs of demolition of buildings and the clearing and grading of land; (e) costs of construction of public works or improvements; (f) Costs of Issuance; and (g) relocation costs necessitated by the Relocation Plan.

*“Reimbursable Redevelopment Project Costs”* means those Redevelopment Project Costs as described in an exhibit to the Redevelopment Agreement, for which the Developer is eligible for reimbursement in accordance with the Redevelopment Agreement.

*“Register”* means the registration books of the City kept by the Trustee to evidence the registration, transfer and exchange of Bonds.

*“Registrar”* means the Trustee when acting as such under the Indenture.

*“Relocation Plan”* means the relocation plan of the City for the Redevelopment Area as contained in the Redevelopment Plan, which relocation plan was adopted on October 13, 2003, pursuant to Ordinance No. 848.

*“Revenue Fund”* means the fund by that name created in the Indenture.

*“Special Allocation Fund”* means the St. Cyr Road Redevelopment Area Special Allocation Fund created within the Treasury of the City in accordance with Section 99.845 of the TIF Act and the TIF Ordinance.

*“State”* means the State of Missouri.

*“Stated Maturity”* means November 1, 2026.

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

*“Tax Compliance Agreement”* means the Tax Compliance Agreement dated the date of the Indenture, by and between the City and Trustee.

*“TDD Act”* means the Missouri Transportation Development District Act, Sections 238.200 to 238.275, inclusive, of the Revised Statutes of Missouri, as amended.

*“TDD Revenue Limit”* means 61% of the aggregate of all Net Revenues that have been deposited in the Revenue Fund.

*“TDD Revenues”* means all revenues of the TDD Sales Tax (less the District’s reasonable operating costs, not to exceed \$10,000 per year, commencing in 2007, and the 1% collection fee) that have been appropriated by the District to the payment of the Bonds, less that portion of such revenues that constitutes EATs but not including (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the District which is the subject of a suit or other claim communicated to the District which suit or claim challenges the collection of such sum.

*“TDD Sales Tax”* or *“Transportation Development District Sales Tax”* means the transportation development sales tax authorized by Section 238.235 of the TDD Act and imposed by the District at a rate of five-eighths of one percent (0.625%), effective April 1, 2007, on all retail sales made in the District which are subject to taxation pursuant to the provisions of Sections 144.010 to 144.525, inclusive, of the Revised Statutes of Missouri, as amended, with certain exceptions listed in the TDD Act.

*“TIF Act”* means the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended.

*“TIF Ordinance”* means Ordinance No. 850 adopted by the City on January 13, 2004, authorizing the adoption of tax increment financing within the Redevelopment Area.

*“TIF Revenues”* means all Economic Activity Tax Revenues which have been appropriated by the City to the payment of the Bonds. TIF Revenues do not include any such amount paid under protest until the protest is withdrawn or resolved against the taxpayer, nor do TIF Revenues include any sum received by the City which is the subject of a suit or other claim communicated to the City, which suit or claim challenges the collection of such sums or their payment to the holders of the Bonds or its successors in interest.

*“Transportation Project”* means the Transportation Project as defined in the Cooperation Agreement. See **“THE TRANSPORTATION PROJECT.”**

*“Trust Estate”* means the Trust Estate described in the granting clauses of the Indenture.

“Trustee” means UMB Bank, N.A., Kansas City, Missouri, and its successor or successors and any other association or corporation which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Indenture.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated, the initial purchaser of the Bonds.

“Work” has the meaning given to such term in the Redevelopment Agreement.

## SUMMARY OF THE INDENTURE

*In addition to the information under the caption “THE BONDS” and “SOURCES OF PAYMENT AND SECURITY FOR THE BONDS,” the following is a brief summary of the Indenture pursuant to which the Bonds will be issued. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the City and the Trustee.*

### Creation of Funds and Accounts

The following funds of the City are created and established with the Trustee:

- (a) Revenue Fund, which shall contain an EATs Revenue Account and a TDD Revenue Account (the “Revenue Fund”).
- (b) Debt Service Fund, which shall contain a Debt Service Account and a Redemption Account (which shall contain a TDD Redemption Subaccount and an EATs Redemption Subaccount) (the “Debt Service Fund”).
- (c) Debt Service Reserve Fund, which shall contain a TDD Debt Service Reserve Account and an EATs Debt Service Reserve Account (the “Reserve Fund”).
- (d) Project Fund, which shall contain a Costs of Issuance Account, a TIF Project Account and a TDD Project Account (the “Project Fund”).
- (e) Rebate Fund (the “Rebate Fund”).
- (f) Excess TDD Revenue Fund (the “Excess TDD Revenue Fund”).

Each fund shall be maintained by the Trustee as a separate and distinct trust fund and the moneys therein shall be held, managed, invested, disbursed and administered as provided in the Indenture. All moneys deposited in the funds shall be used solely for the purposes set forth in the Indenture. The Trustee shall keep and maintain adequate records pertaining to each fund and all disbursements therefrom.

## **Security for the Bonds**

The Bonds and the interest thereon shall be special, limited obligations of the City payable solely from Bond proceeds and Available Revenues and other moneys pledged thereto and held by the Trustee as provided in the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Owners of the Bonds, as provided in the Indenture.

The Bonds and the interest thereon do not constitute a debt of the City, the Missouri Highways and Transportation Commission, the District, the State or any political subdivision thereof, and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

## **Revenue Fund**

On the tenth calendar day of each month (or the next Business Day thereafter if the tenth is not a Business Day) while the Bonds are Outstanding, the City shall cause to be transferred (i) all Net Revenues as of the last day of the preceding month consisting of Economic Activity Tax Revenues to the Trustee and shall direct the Trustee in writing to deposit such sums into the EATs Revenue Account of the Revenue Fund, and (ii) all Net Revenues as of the last day of the preceding month consisting of TDD Revenues to the Trustee and shall direct the Trustee in writing to deposit such sums into the TDD Revenue Account of the Revenue Fund. If the Trustee has not received Net Revenues on or before the 15th calendar day of each month, the Trustee shall notify the Underwriter and the City of such non-receipt.

Moneys in the Revenue Fund shall be applied under the Indenture (other than by operation of *First* below) such that the aggregate TDD Revenues so applied do not exceed 61% of the aggregate of all Net Revenues that have been deposited in the Revenue Fund (the "TDD Revenue Limit"). On the 40<sup>th</sup> day (or if such day is not a Business Day, the immediately preceding Business Day), except as other provided, prior to each Payment Date, the Trustee shall apply moneys in the Revenue Fund (first drawing on EATs and second on TDD Revenues) for the purposes and in the amounts as follows:

*First*, transfer TDD Revenues in excess of the TDD Revenue Limit to the Excess TDD Revenue Fund; provided that, in accordance with the Indenture, on any Payment Date on which the TDD Revenue Limit has not been met, funds from the Excess TDD Revenue Fund shall be transferred to the TDD Revenue Account of the Revenue Fund until the TDD Revenue Limit is met;

*Second*, to the Rebate Fund, when necessary, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City or the City in accordance with the Tax Compliance Agreement;

*Third*, transfer to the Debt Service Account of the Debt Service Fund an amount sufficient to pay the interest on the Bonds on the next succeeding Payment Date;

*Fourth*, transfer to the Debt Service Account of the Debt Service Fund an amount sufficient to pay the principal of and premium, if any, due on the Bonds by their terms on the next succeeding Payment Date;

*Fifth*, transfer to the Debt Service Reserve Fund such amount as may be required to restore any deficiency in the Debt Service Reserve Fund if the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement; provided, however, that any moneys from the TDD Revenue Account of the Revenue Fund shall be deposited in the TDD Debt Service Reserve Account and any moneys from the EATs Revenue Account shall be deposited in the EATs Debt Service Reserve Account;



*Sixth*, pay to the Trustee or any Paying Agent, an amount sufficient for payment of any fees, charges and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City (with a copy to the Trustee if the Paying Agent is other than the Trustee) of an invoice for such amounts (provided, however, that payments to the Trustee may not exceed \$3,000 in any calendar year); and pay to the City an amount sufficient for payment of any fees and expenses incurred by the City in the administration of the Redevelopment Plan, but not to exceed \$2,000 in any calendar year except as otherwise provided in the Redevelopment Agreement, upon delivery to the Trustee of the City's certification of such amounts; and

*Seventh*, transfer to (a) the TDD Redemption Account of the Debt Service Fund all moneys then remaining in the TDD Revenue Account of the Revenue Fund and (b) the EATs Redemption Account of the Debt Service Fund all moneys then remaining in the EATs Revenue Account of the Revenue Fund, which moneys shall be applied to the payment of principal on all Bonds that are subject to redemption on the next succeeding Payment Date. See **"THE BONDS – Redemption Provisions –Special Mandatory Redemption"** herein.

Upon the payment in full of the principal of and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture) and the fees, charges and expenses of the Trustee and any Paying Agents, and any other amounts required to be paid under the Indenture, all amounts remaining on deposit in (i) the EATs Revenue Account of the Revenue Fund shall be paid to the City for deposit into the Special Allocation Fund, and (ii) the TDD Revenue Account of the Revenue Fund shall be paid to the City for application in accordance with the Cooperation Agreement.

#### **Debt Service Fund**

Except as otherwise provided in the Indenture, all amounts paid and credited to the Debt Service Fund shall be expended solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof.

The City authorizes and directs the Trustee to withdraw sufficient moneys from the Debt Service Fund to pay the principal of and interest on the Bonds as the same become due and payable and to make said moneys so withdrawn available to the Paying Agent for the purpose of paying said principal of and interest on the Bonds.

The Trustee shall use any moneys remaining in the Redemption Account of the Debt Service Fund to redeem all or part of the Bonds Outstanding and interest to accrue thereon prior to such redemption, in accordance with and to the extent permitted by the Indenture, so long as said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The Trustee, upon the written instructions from the City, shall use moneys in the Redemption Account of the Debt Service Fund on a best efforts basis for the purchase of Bonds in the open market to the extent practical for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under the Indenture, all amounts remaining in the (i) EATs Redemption Subaccount of the Redemption Account of the Debt Service Fund shall be paid to the City for deposit into the Special Allocation Fund and (ii) TDD Redemption Subaccount of the Redemption Account of the Debt Service Fund shall be paid to the City for application by the City in accordance with the Cooperation Agreement.

## **Project Fund**

Moneys in the TDD Project Account and the TIF Project Account of the Project Fund shall be disbursed by the Trustee from time to time upon receipt of a written request of the City to pay or reimburse for payment of the costs of the Transportation Project or the Reimbursable Redevelopment Project Costs, respectively; provided that requests from the TDD Project Account shall be approved by the District prior to submission to the Trustee. Any moneys remaining in the TIF Project Account or the TDD Project Account on the date (and if such date is not a Business Day, the next succeeding Business Day) that is thirty-six (36) months from the date of issuance of the Bonds shall be deposited into the EATs Redemption Account or the TDD Redemption Account, respectively, of the Debt Service Fund.

Moneys in the Costs of Issuance Account of the Project Fund shall be disbursed, from time to time by the Trustee for the sole purpose of paying costs of issuance of the Bonds. Any moneys remaining in the Costs of Issuance Account of the Project Fund on the date (and if such date is not a Business Day, the next succeeding Business Day) which is six months after the date of issuance of the Bonds shall be deposited, without further authorization, into the Redemption Account of the Debt Service Fund.

## **Debt Service Reserve Fund**

Except as otherwise provided in the Indenture, moneys in the Debt Service Reserve Fund shall be used by the Trustee without further authorization solely for the payment of the principal of and interest on the Bonds if moneys otherwise available for such purpose as provided in the Indenture are insufficient to pay the same as they become due and payable and to make final payment on the Bonds. The amount on deposit in the Debt Service Reserve Fund shall be valued by the Trustee 45 days prior to each Payment Date (or if such date is not a Business Day, the immediately preceding Business Day) and the Trustee shall give prompt written notice to the City if such amount is less than the Debt Service Reserve Requirement. For the purpose of determining the amount on deposit in the Debt Service Reserve Fund, the value of each investment shall be valued at the lower of its original cost or fair market value (inclusive of accrued interest thereon) on the date of valuation. Moneys in the Debt Service Reserve Fund on any valuation date shall be deposited promptly by the Trustee without further authorization in the appropriate account of the Revenue Fund. Any such moneys in excess of the Debt Service Reserve Requirement that are: (1) TDD Revenues shall be deposited in the TDD Debt Service Reserve Account; and (2) EATs shall be deposited in the EATs Debt Service Reserve Account.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges, and expenses of the Trustee and any Paying Agent, and any other amounts required to be paid under the Indenture, (i) all amounts remaining in the EATs Debt Service Reserve Account shall be paid to the City for deposit into the Special Allocation Fund, and (ii) all amounts remaining in the TDD Debt Service Reserve Account shall be paid to the City for application by the City in accordance with the Cooperation Agreement.

## **Rebate Fund**

There shall be deposited by the Trustee in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. Subject to the transfer provisions provided in the Indenture, all money at any time deposited in the Rebate Fund and any income earned thereon shall be held in trust, to the extent required to pay arbitrage rebate to the federal government of the United States of America, and neither the City nor the Owner of any Bonds shall have any rights in or claim to such money.

### **Excess TDD Revenue Fund**

On the 40th day prior to any Payment Date on which the TDD Revenue Limit has not been met, funds from the Excess TDD Revenue Fund shall be transferred back to the TDD Revenue Account of the Revenue Fund until the TDD Revenue Limit has been met.

### **Nonpresentment of Bonds**

If any Bond is not presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof, and provided the Trustee is holding sufficient funds for the payment thereof, all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such moneys, for any claim or whatever nature on such Owner's part under the Indenture or on, or with respect to, said Bond.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds within one year after the date on which the same have become due shall be paid by the Trustee to the City, free from the trusts created by the Indenture. Thereafter, Owners shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid by the Trustee. The City shall not be liable for any interest on the sums paid to it pursuant to this provision of the Indenture and shall not be regarded as a trustee of such money.

### **Investment of Moneys**

Moneys in all funds and accounts under any provision of the Indenture shall be continuously invested and reinvested by the Trustee in Investment Securities at the written direction of the City or, if such written directions are not received, then in money market mutual funds that are invested in Government Securities or repurchase agreements fully collateralized by Government Securities. Moneys on deposit in all funds and accounts may be invested only in Investment Securities which mature or are subject to redemption at the option of the owner thereof prior to the date such funds are expected to be needed. The Trustee may make investments through its investment division or short-term investment department.

All investments shall constitute a part of the fund or account from which the moneys used to acquire such investments have come. The interest accruing thereon and any profit realized from such Investment Securities shall be credited to such fund or account and any loss resulting from such Investment Securities shall be charged to such fund or account. The Trustee shall sell and reduce to cash a sufficient amount of investments in a fund or account whenever the cash balance therein is insufficient to pay the amounts required to be paid therefrom. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when required or permitted by the provisions of the Indenture. In determining the balance in any fund or account, each investment shall be valued at the lower of its original cost or fair market value on the most recent Payment Date, except as otherwise provided in the Indenture. The Trustee shall not be liable for any loss resulting from such investments made in accordance with the Indenture.

### **Events of Default**

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

- (a) Default in the performance or observance of any of the covenants, agreements or conditions on the part of the City in the Indenture or in the Bonds contained, and the continuance thereof for a period of 30 days after written notice thereof has been given (i) to the City by the

Trustee, or (ii) to the Trustee (which notice of default the Trustee shall be required to accept) and the City by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if any default is such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the City within such period and diligently pursued until the default is corrected; or

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

(c) Failure by the City to observe and perform any covenant, condition or agreement on the part of the City under the Indenture for a period of 60 days after written notice of such default has been given to the City by the Trustee during which time such default is neither cured by the City nor waived in writing by the Trustee, provided that, if the failure stated in the notice cannot be corrected within said 60-day period, the Trustee may consent in writing to an extension of such time prior to its expiration and the Trustee will not unreasonably withhold its consent to such an extension if corrective action is instituted by the City within the 60-day period and diligently pursued to completion and if such consent, in its judgment, does not materially adversely affect the interests of the Owners.

The Trustee shall give written notice of any Event of Default to the City as promptly as practicable after the occurrence of an Event of Default of which the Trustee has notice as provided in the Indenture.

#### **Acceleration**

If an Event of Default has occurred and is continuing, the Trustee may, and shall upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then, by notice in writing delivered to the City, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable.

#### **Surrender of Possession of Trust Estate**

If an Event of Default has occurred and is continuing, the City, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers, and accounts of the City pertaining thereto, and out of the same and any moneys received from any receiver of any part thereof, pay and set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including, but not limited to, (i) reasonable compensation to the Trustee, its agents and counsel, and (ii) any reasonable charges of the Trustee under the Indenture, and the Trustee shall apply the remainder of the moneys so received in accordance with the Indenture.

#### **Appointment of Receivers in Event of Default**

If an Event of Default has occurred and is continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

### **Exercise of Remedies by the Trustee**

If an Event of Default has occurred and is continuing, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bonds then Outstanding, and to enforce and compel the performance of the duties and obligations of the City as set forth in the Indenture.

If an Event of Default has occurred and is continuing, and if requested so to do by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners; provided, however, that the Trustee shall not be required to take any action which in its good faith conclusion could result in personal liability to it for which it has not been indemnified as provided in the Indenture.

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

### **Limitation on Exercise of Remedies by Bondowners**

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

- (i) a default has occurred of which the Trustee has notice or is deemed to have notice as provided in the Indenture, and
- (ii) such default has become an Event of Default, and
- (iii) the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in the Indenture, and
- (iv) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name;

and such notification, request and indemnity are declared in the Indenture in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture, it being understood and intended that no one or more Owners shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in the Indenture, however, shall affect or impair the right of any Owner to payment of the principal of and interest on any Bond at and after its maturity or the

obligation of the City to pay the principal of and interest on each of the Bonds to the respective Owners thereof at the time, place, from the source and in the manner expressed in the Indenture and in such Bond.

### **Remedies Cumulative**

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

### **Application of Moneys in Event of Default**

Upon an Event of Default, all moneys held or received by the Trustee pursuant to the Indenture or pursuant to any right given or action taken under the Indenture shall, after payment of the reasonable costs, advances and expenses of the Trustee and the proceedings resulting in the collection of such moneys, including without limitation attorney's fees and expenses, be deposited in the Debt Service Fund. All moneys in the Debt Service Fund, the Debt Service Reserve Fund, the Revenue Fund and the Excess TDD Revenue Fund (subject to the TDD Revenue Limit) shall be applied as follows:

If the principal of all the Bonds has not become or has not been declared due and payable, all such moneys shall be applied:

*First* -- To the payment to the Persons entitled thereto of all installments of interest then due and payable on the Bonds, in the order in which such installments of interest became due and payable, with interest thereon at the rate or rates specified in the respective Bonds to the extent permitted by law, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege.

*Second* -- To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds that have become due and payable (other than Bonds called for redemption for the payment of which moneys or securities are held pursuant to the Indenture), in the order of their due dates, and, if the amount available is not sufficient to pay in full such principal due on any particular date, together with such interest, then to the payment ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

If the principal of all the Bonds has become due or has been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on all of the Bonds, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or privilege.

### **Waivers of Events of Default**

The Trustee shall waive any Event of Default and its consequences and rescind any declaration of maturity of principal upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that prior to such waiver or rescission, all fees, charges, and expenses of the Trustee in connection with such default (including attorney's fees and expenses) shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default have been discontinued or abandoned or determined adversely, then and in every such case the City, the Trustee, and the Owners shall be restored to their former

positions, rights, and obligations under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default or Event of Default, or impair any right consequent thereon.

### **Supplemental Indentures**

#### Without Consent of the Owners

The City and the Trustee may from time to time, without the consent of or notice to any of the Owners, enter into such Supplemental Indenture or Supplemental Indentures as are not inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture or to release property from the Trust Estate which was included by reason of an error or other mistake;
- (b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee or either of them;
- (c) To subject to the Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;
- (e) To provide for the refunding of any Bonds in accordance with the terms of the Indenture;
- (f) To evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture; or
- (g) To make any other change which, in the sole judgment of the Trustee, does not materially adversely affect the interests of the Owners. In exercising such judgment the Trustee may rely on an Opinion of Counsel.

#### With Consent of the Owners

In addition to Supplemental Indentures permitted as described above and subject to the terms and provisions contained in the Indenture, and not otherwise, with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, the City and the Trustee may from time to time enter into such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary and desirable by the City for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing contained in the Indenture shall permit or be construed as permitting:

- (a) an extension of the maturity of the principal of or the scheduled date of payment of interest on any Bond;
- (b) a reduction in the principal amount, redemption premium or any interest payable on any Bond;
- (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds;

(d) a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Indenture; or

(e) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the City requests the Trustee to enter into any such Supplemental Indenture for any of the purposes described above, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed by first-class mail to each Owner. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If within 60 days or such longer period as shall be prescribed by the City following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as permitted and provided in the Indenture, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

#### Opinion of Bond Counsel

Notwithstanding anything to the contrary in the Indenture, before the City and the Trustee enter into any Supplemental Indenture, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture, the TIF Act and the TDD Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from federal gross income of interest on any Bonds then Outstanding.

#### **Resignation or Removal of the Trustee**

The Trustee and any successor Trustee may at any time resign from the trusts created in the Indenture by giving 30 days' written notice to the City and the Owners, and such resignation shall take effect upon the appointment of a successor Trustee pursuant to the Indenture. If at any time the Trustee ceases to be eligible in accordance with the provisions of the Indenture, it shall resign immediately in the manner provided in the Indenture. The Trustee may be removed for cause or without cause at any time by an instrument or concurrent instruments in writing delivered to the Trustee and signed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding. If no Event of Default has occurred and is continuing or no condition exists which with the giving of notice or the passage of time or both will become an Event of Default as provided in the Indenture, the Trustee may be removed for cause (including the failure of the Trustee and the City to agree on the reasonableness of the fees and expenses of the Trustee under the Indenture) at any time by an instrument or concurrent instruments in writing delivered to the Trustee and the Owners and signed by the City. The City, as directed by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee. No resignation or removal of the Trustee shall become effective until a successor Trustee has accepted its appointment under the Indenture.

#### **Appointment of Successor Trustee**

If the Trustee resigns or is removed, or otherwise becomes incapable of acting under the Indenture, or if it is taken under the control of any public officer or officers or of a receiver appointed by a court, a successor



Trustee may be appointed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing; provided, nevertheless, that in case of such vacancy the City, by an instrument executed and signed by the Authorized City Representative, may appoint a temporary Trustee to fill such vacancy until a successor Trustee is appointed by the Owners in the manner above provided; and any such temporary Trustee so appointed by the City shall immediately and without further acts be superseded by the successor Trustee so appointed by such Owners. If a successor Trustee or a temporary Trustee has not been so appointed and accepted such appointment within 30 days of a notice of resignation or removal of the current Trustee, the Trustee may petition a court of competent jurisdiction for the appointment of a successor Trustee to act until such time, if any, as a successor has so accepted its appointment.

### **Qualifications of Trustee and Successor Trustees**

The Trustee and every successor Trustee appointed under the Indenture shall be a trust institution or commercial bank with its principal corporate trust office located in the State, shall be in good standing and qualified to accept such trusts, shall be subject to examination by a federal or state bank regulatory authority, and shall have or be wholly owned by an entity having a reported capital and surplus of not less than \$25,000,000. If such institution publishes reports of conditions at least annually pursuant to law or regulation, then for the purposes of the Indenture the capital and surplus of such institution shall be deemed to be its capital and surplus as set forth in its most recent report of condition so published.

### **SUMMARY OF THE COOPERATION AGREEMENT**

*The following summarizes certain provisions of the Cooperation Agreement. This summary does not purport to be complete, and reference is made to the Cooperation Agreement for the complete provisions thereof.*

### **Collection of Sales Tax**

The District agrees to collect or cause D<sup>2</sup> to collect the TDD Sales Tax, which shall be collected and reported in substantially the manner and form as set forth as an exhibit to the Cooperation Agreement. The District, having collected, or caused to be collected, the TDD Sales Tax, shall deposit all TDD Revenues into an account called the “Special Trust Fund for the St. Cyr Road Transportation Development District.” Such Special Trust Fund may be held by D<sup>2</sup> on behalf of the District. The District, or the Administrator on behalf of the District, may deduct from the TDD Revenues on deposit in the Special Trust Fund the cost of collection of the TDD Sales Tax in an amount equal to one percent (1%) of the total amount collected and that portion of the TDD Revenues that constitute Economic Activity Tax Revenues.

### **Access to Sales Tax Records**

The District shall keep, or cause D<sup>2</sup> to keep, accurate records of the amount of TDD Revenues collected and such records shall be open to the inspection of officers of the City and the general public. In the event that any District records pertaining to the TDD Sales Tax are governed by Section 32.057 of the Revised Statutes of Missouri, as amended, the District Treasurer shall provide such records to the City Treasurer upon receipt of a written request that conforms to Section 32.057.2(e) of the Revised Statutes of Missouri, as amended.

### **Use of TDD Sales Tax**

Beginning June 2007 and continuing each month thereafter until the expiration or repeal of the TDD Sales Tax, the District shall distribute, or cause D<sup>2</sup> to distribute, not later than the tenth (10th) day of each month, to the Trustee the “Monthly Distribution,” which shall consist of all TDD Revenues in excess of TDD

Administrative Costs that were deposited into the Special Trust Fund during the preceding month, provided, however, that the District shall not make any Monthly Distribution in any fiscal year of the District until the first \$10,000 on deposit in the Special Trust Fund has been transferred to an operating fund for TDD Administrative Costs. The District shall direct the Trustee to apply the Monthly Distribution solely to pay debt service on the portion of the Bonds related to the Transportation Project, provided, however, that the Trustee's application of such Monthly Distribution shall be subject to the TDD Revenue Limit. Concurrent with the Monthly Distribution, the District shall distribute monies sufficient to pay for any TDD Administrative Costs approved for payment by the District in any fiscal year.

#### **Covenant to Request Annual Appropriation**

The officer of the District at any time charged with the responsibility of formulating budget proposals shall include in the budget proposal submitted to the District for each fiscal year that the Bonds are outstanding a request for an appropriation of TDD Revenues for application to the payment of debt service on the Bonds in accordance with the Cooperation Agreement. If, within 30 days after the end of the District's fiscal year, the District's Board of Directors fails to adopt a budget, the parties agree that the District shall be deemed to have adopted a budget that provides for application of the TDD Revenues collected in such fiscal year in accordance with the budget for the prior fiscal year.

#### **Repeal of TDD Sales Tax**

If Bonds are Outstanding, the District shall not repeal or reduce the TDD Sales Tax except in accordance with the TDD Act. Upon satisfaction in full of the Bonds, the District shall immediately implement the procedures in the TDD Act for repeal of the TDD Sales Tax and abolishment of the District, provided, however, the District shall not implement the such procedures if the District, with the prior written consent of the City, has approved another project pursuant to the TDD Act.

### **CONTINUING DISCLOSURE AGREEMENT**

*The following summarizes certain provisions of the Continuing Disclosure Agreement. This summary does not purport to be complete, and reference is made to the Continuing Disclosure Agreement for the complete provisions thereof.*

The City has covenanted in the Continuing Disclosure Agreement to make available certain financial and operating information on an ongoing basis while the Bonds remain outstanding, in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission. The City has agreed to provide:

1. To all Nationally Recognized Municipal Securities Information Repositories ("NRMSIR"), to the appropriate state information depository, if any, to the Paying Agent, to the Underwriter and to each holder of the Bonds who makes a request for such information, the City's audited financial statements for the City's most recently ended fiscal year and the District's unaudited financial statements (audited when required by law) for the District's most recently ended fiscal year, prepared in accordance with standards as promulgated from time to time by the Government Accounting Standards Board and certain information and data relating to the City. Such information and data shall be information generally consistent with the information contained in this Official Statement under the caption "**SUMMARY OF LEASES.**" Such information shall be made available within 180 days after the end of each fiscal year, beginning in fiscal year ending December 31, 2007.

2. Promptly upon the occurrence thereof, to the appropriate state information depository, if any, and to each NRMSIR or to the Municipal Securities Rulemaking Board (“MSRB”) notice of the occurrence of any of the following events with respect to the Bonds, if material:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. Modifications to rights of owners of the Bonds;
- h. Bond calls;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of any of the Bonds; or
- k. Rating changes.

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

The City may amend its disclosure obligations provided that the City receives an opinion from nationally recognized bond counsel to the effect that such modifications are in compliance with the Rule.

If the City fails to comply with its disclosure obligations, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations. A default by the City in its disclosure obligations shall not be deemed a default under the Indenture and the sole remedy shall be an action to compel performance.

\* \* \* \* \*

## APPENDIX C

### FORM OF OPINION OF BOND COUNSEL

Mayor and Board of Aldermen  
Moline Acres, Missouri

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

Stifel Nicolaus & Company, Incorporated  
St. Louis, Missouri

**Re: \$2,955,000 City of Moline Acres, Missouri, Tax Increment and Transportation Development Revenue Bonds (St. Cyr Road Redevelopment Project) Series 2007**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Moline Acres, Missouri (the “City”) of the above-captioned bonds (the “Bonds”), pursuant to an ordinance adopted by the Board of Aldermen of the City on May 23, 2007 (the “*Bond Ordinance*”), and a Trust Indenture dated as of May 1, 2007 (the “*Indenture*”) by and between the City and UMB Bank, N.A., as trustee (the “*Trustee*”). In such capacity, we have examined such law and such certified proceedings and other documents and materials as we deem necessary to enable us to render this opinion, including the following documents (with the exception of the Official Statement, the “*City Documents*”):

- a. Bond Ordinance,
- b. Indenture,
- c. Tax Compliance Agreement by and between the City and the Trustee,
- d. Continuing Disclosure Agreement by and between the City and UMB Bank, N.A., as dissemination agent,
- e. Purchase Contract dated May 25, 2007, by and between the City and Stifel Nicolaus & Company, Incorporated,
- f. Intergovernmental Cooperation Agreement by and between the City and St. Cyr Road Transportation Development District,
- g. Closing Certificate of the City, dated June 4, 2007, and
- h. Official Statement dated May 25, 2007.

In making our examination of documents, we have assumed that the parties to such documents other than the City had the power to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action and execution and delivery of such documents by all parties other than the City, and have also assumed that the City Documents, other than the Bond Ordinance, are valid and binding as

to such parties. In giving this opinion, we have relied upon such certificates with respect to the accuracy of factual matters contained therein which were not independently established.

As to questions of fact material to this opinion, we have relied upon representations of the City contained in the Bond Ordinance, the certified proceedings, and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Reference is made to the opinion of even date herewith of Donnell Smith & Associates, LLC, as City Attorney, with respect to, among other matters, the due organization and authorization of the City and the due authorization and execution of the Bonds and the City Documents by the City.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Based upon and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The City is a fourth class city and political subdivision duly organized and existing under the laws and constitution of the State of Missouri (the "*State*"). The City is authorized by the laws of the State to issue and sell the Bonds for the purposes expressed in the City Documents, to enter into and perform its obligations under the City Documents, and has full power and authority to consummate all transactions contemplated by the City Documents and any and all other agreements relating thereto to which the City is a party.

2. The Bonds have been duly authorized, executed, and delivered by the City and are valid and legally binding special obligations of the City, payable solely from Bond proceeds, the Available Revenues, and other moneys available thereto and held by the Trustee. The Bonds do not constitute a general obligation of the City nor do they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation, or restriction, and the taxing power of the City is not pledged to the payment of the Bonds.

3. The Indenture has been duly authorized, executed, and delivered by the City and constitutes the valid and legally binding agreement of the City enforceable against the City in accordance with the provisions thereof.

4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal and Missouri income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in this paragraph are subject to the condition that the City and the Trustee comply with all requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The City and the Trustee have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Except as stated in paragraphs 2 and 4 above, we express no opinion regarding any other federal or state tax consequences with respect to the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the City Documents may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement). This opinion is delivered to you for your use only and it may not be used or relied upon by any third party for any purpose whatsoever without our prior written consent.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

Very truly yours,