

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_**

**New Issue – Bank Qualified**

**Moody's Rating: Aa2**

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

**\$1,385,000\***

**CITY OF OLIVETTE, MISSOURI  
NEIGHBORHOOD IMPROVEMENT DISTRICT  
LIMITED GENERAL OBLIGATION BONDS  
(NORTH PRICE ROAD NEIGHBORHOOD IMPROVEMENT DISTRICT)  
SERIES 2017**

**Dated: Date of original issuance**

**Due: March 1, as shown on the inside cover**

The Bonds will be issued as fully-registered bonds as herein described, and, when issued, will be registered in the name of Cede & Co., as Bondowner 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 only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "APPENDIX C - BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on March 1 and September 1, commencing March 1, 2018. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by UMB Bank, N.A., Kansas City, Missouri, the Paying Agent for the Bonds (the "Paying Agent"), directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issued pursuant to the provisions of the Neighborhood Improvement District Act set forth in Sections 67.453 to 67.475, inclusive, of the Revised Statutes of Missouri, as amended. The Bonds and the interest thereon will constitute a valid and legally binding indebtedness of the City, payable both as to principal and interest, from special assessments that are assessed on the real property within the District that is benefited by the Improvements (as hereinafter defined), from moneys in the Series 2017 Bond Reserve Fund. and if not so paid, from current income and revenue and from surplus funds of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided that the taxing power of the City is not pledged to the payment of the Bonds.

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to receipt of an approving opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Paul Martin, P.C., St. Louis, Missouri. It is expected that the Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about July 25, 2017.

**[THE UNDERWRITER]**

**This Official Statement is dated \_\_\_\_\_.**

\* Subject to change

This Preliminary Official Statement and the information contained herein is subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITY SCHEDULE\***

<u>March 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>
2018	\$50,000		
2019	55,000		
2020	60,000		
2021	60,000		
2022	60,000		
2023	60,000		
2024	60,000		
2025	65,000		
2026	65,000		
2027	65,000		
2028	70,000		
2029	70,000		
2030	70,000		
2031	75,000		
2032	75,000		
2033	80,000		
2034	80,000		
2035	85,000		
2036	90,000		
2037	90,000		

\* Subject to change

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

No dealer, broker, salesman, or other person has been authorized by the City, the Municipal Advisor, or the Underwriter to give any information or to make any representations, 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 the City, the Municipal Advisor, or the Underwriter. 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 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 from other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Municipal Advisor or the Underwriter. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriter and the purchasers or owner of any of the Bonds. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of the 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.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that is based on the City's beliefs as well as assumptions made by and information currently available to the City. Forward-looking statements are identified by terminology such as "may," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "potential," "continues," or the negative of these terms or other comparable terminology. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

This Preliminary Official Statement has been deemed final by the City as of its date, except for the omission of the information permitted to be omitted under Rule 15c2-12 of the Securities and Exchange Commission.

## TABLE OF CONTENTS

SUMMARY STATEMENT .....	i
INTRODUCTION .....	1
NEIGHBORHOOD IMPROVEMENT DISTRICT BONDS .....	1
THE NORTH PRICE ROAD NEIGHBORHOOD IMPROVEMENT DISTRICT .....	2
THE BONDS .....	4
RISK FACTORS AND INVESTMENT CONSIDERATIONS.....	5
THE CITY .....	7
THE CITY'S FINANCES .....	12
SUMMARY OF OPERATIONS.....	14
GENERAL FUND.....	14
TAXATION.....	17
DEBT OF THE CITY.....	20
THE PLAN OF FINANCING .....	23
RATING .....	24
LEGAL MATTERS .....	24
TAX MATTERS .....	24
MUNICIPAL ADVISOR .....	26
UNDERWRITING .....	27
NO LITIGATION CERTIFICATE .....	27
CONTINUING DISCLOSURE UNDERTAKING.....	27
CERTIFICATION OF OFFICIAL STATEMENT .....	28
MISCELLANEOUS.....	29
APPENDIX A – FINANCIAL STATEMENTS .....	A-1
APPENDIX B – SUMMARY OF THE ORDINANCE.....	B-1
APPENDIX C – BOOK-ENTRY ONLY SYSTEM .....	C-1
APPENDIX D – FORM OF OPINION OF BOND COUNSEL.....	D-1

# **CITY OF OLIVETTE, MISSOURI**

---

## **MAYOR**

J. Gregory Carl

## **COUNCIL MEMBERS**

Maxine Weil, Chairman Pro-tem

Suzanne Sierra Sewell

Ruth Springer

Missy Waldman

## **CITY MANAGER**

Barbara Sondag

## **FINANCE DIRECTOR**

Darren Mann

---

## **CITY ATTORNEY**

Paul Martin, P.C.  
St. Louis, Missouri

---

## **BOND COUNSEL**

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

---

## **MUNICIPAL ADVISOR**

WM Financial Strategies  
St. Louis, Missouri

---

## SUMMARY STATEMENT

*The information set forth in this Summary Statement is subject, in all respects, to more complete information contained in this Official Statement, which should be read in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the cover page, the Summary Statement and all appendices hereto. No person is authorized to detach this Summary Statement from the Official Statement or otherwise use it without the entire Official Statement.*

### **The City**

The City is located in St. Louis County, Missouri approximately 10 miles west of downtown St. Louis. The City is a suburban residential community with an economic base represented by a mixture of commercial enterprises, numerous small specialty shops, a small number of manufacturing enterprises and support services. The City's 2010 population was 7,737.

### **The District**

In 2014, the City created the North Price Road Neighborhood Improvement District (the "District") pursuant to Article III, Section 38(c) of the Missouri Constitution and the Neighborhood Improvement District Act (the "Act"), Sections 67.453 through 67.475 inclusive, of the Revised Statutes of Missouri, as amended. The District encompasses approximately 1,695,355 square feet and was created to provide "improvements," as defined in the Act, consisting of road improvements in and around the District (collectively, the "Improvements"). See "NEIGHBORHOOD IMPROVEMENT DISTRICT BONDS" and "THE NORTH PRICE ROAD NEIGHBORHOOD IMPROVEMENT DISTRICT."

### **Purpose**

In order to finance the initial costs of the Improvements, the City issued \$1,000,000 of temporary notes (the "Temporary Notes") and spent an additional \$491,981 from the City's Capital Improvement Fund. The Improvements have been completed and the City is issuing the Bonds to refund the principal of and interest on the Temporary Notes, to reimburse the City for a portion of the cost of the Improvements exceeding the amount financed with the Temporary Notes, to fund a debt service reserve fund (the "Series 2017 Bond Reserve Fund") and to pay the costs of issuing the Bonds.

### **Security and Sources of Payment**

The Bonds constitute general obligation bonds of the City payable as to both principal and interest from special assessments that are levied and assessed upon real property benefited by the Improvements (the "Special Assessments"), from moneys in the Series 2017 Bond Reserve Fund (as defined herein) and, if not so paid, from current income and revenue and surplus funds of the City. The full faith and credit of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided, however, the City may not impose any new or increased ad valorem property taxes to pay principal of or interest on the Bonds without the voter approval required by the Constitution and laws of the State of Missouri. See "THE BONDS – Security for the Bonds" herein.

### **Rating**

The Bonds are rated "Aa2" by Moody's Investors Service. See the caption "RATING."

## **Risk Factors and Investment Considerations**

The payment of the Bonds is subject to certain risks. Such risks should be considered prior to purchasing the Bonds. The risks are described in greater detail under the caption “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”

## **The City’s Finances**

The City’s fiscal year commences on July 1 of each year and ends on the following June 30 (“Fiscal Year”).

Additional information regarding the City’s finances including accounting and budgetary procedures and results of operations are contained under the caption “THE CITY’S FINANCES.”

**OFFICIAL STATEMENT  
OF THE  
Relating to  
\$1,385,000\*  
CITY OF OLIVETTE, MISSOURI  
NEIGHBORHOOD IMPROVEMENT DISTRICT  
LIMITED GENERAL OBLIGATION BONDS  
(NORTH PRICE ROAD NEIGHBORHOOD IMPROVEMENT DISTRICT)  
SERIES 2017**

**INTRODUCTION**

This Official Statement including the cover page and Appendices hereto, is provided by the City of Olivette, Missouri (the “City”) to furnish information in connection with its issuance of \$1,385,000\* principal amount of Neighborhood Improvement District Limited General Obligation Bonds (North Price Road Neighborhood Improvement District), Series 2017 (the “Bonds”).

The Bonds are being issued pursuant to and in full compliance with the Constitution of the State of Missouri, the Revised Statutes of Missouri, as amended (the “Missouri Revised Statutes”), and an ordinance expected to be adopted by the City on July 11, 2017\* (the “Ordinance”). Capitalized terms in the Official Statement that are not herein defined shall have the meaning ascribed to them in the Ordinance.

In 2014, the City created the North Price Road Neighborhood Improvement District (the “District”) pursuant to the provisions of the Neighborhood Improvement District Act set forth in Sections 67.453 to 67.475, inclusive of the Missouri Revised Statutes, as amended (the “Act”). In order to finance the initial cost of the Improvements, the City issued \$1,000,000 of temporary notes (the “Temporary Notes”) and spent an additional \$491,981 from the City’s Capital Improvement Fund. The Improvements have been completed and the City is issuing the Bonds to refund the principal of and interest on the Temporary Notes, to reimburse the City for a portion of the cost of the Improvements exceeding the amount financed with the Temporary Notes, to fund a debt service reserve fund (the “Series 2017 Bond Reserve Fund”) and to pay the costs of issuing the Bonds. The Bonds and the interest thereon will constitute a valid and legally binding indebtedness of the City, payable both as to principal and interest, from (a) special assessments (the “Special Assessments”) to be assessed on the real property within the District which will be benefited by the Improvements, (b) moneys in the Series 2017 Bond Reserve Fund and (c) if not so paid, from current income and revenue and surplus funds of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided that the taxing power of the City is not pledged to the payment of the Bonds.

Brief descriptions of neighborhood improvement district bonds, the Bonds, the plan of financing, the City, and the Ordinance are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Ordinance and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance.

\* Subject to change

## **NEIGHBORHOOD IMPROVEMENT DISTRICT BONDS**

### **General**

Adopted in 1994, the Act permits the formation of special assessment areas, known as neighborhood improvement districts, to finance local public improvements. The improvements are financed by bonds which are retired by assessments levied on those specific properties which benefit from the improvements. To the extent assessments are insufficient to retire the bonds, the city or county that established the neighborhood improvement district is obligated to pay for debt service with other legally available funds. The governing body establishing a neighborhood improvement district may not impose any new or increased ad valorem property taxes to pay principal of or interest on the bonds without the voter approval required by the Constitution and laws of the State of Missouri.

### **Constitutionality**

On April 11, 1995, a lawsuit, styled Spradlin v. City of Fulton, was brought by a taxpayer in the City of Fulton, Missouri, raising numerous legal challenges to Fulton's authority to issue neighborhood improvement district bonds, including an allegation that such bonds could not be issued without voter approval at a city-wide election. Following a hearing on the matter, the trial court enjoined the issuance of the bonds. The trial court's decision was appealed to the Missouri Supreme Court which reversed the holding of the trial court and held that under the Missouri constitutional and statutory provisions relating to neighborhood improvement district bonds, Fulton was authorized to issue the bonds without city-wide voter approval and that such bonds are general obligations that pledge the full faith and credit of the city, but that the city was not authorized, absent requisite voter approval, to impose a city-wide property tax to pay for the bonds.

## **THE NORTH PRICE ROAD NEIGHBORHOOD IMPROVEMENT DISTRICT**

### **Formation of and Description of the District**

In 2014, the City established the District. The District was formed after a petition by owners of more than 2/3 by area of all real property located in the District was filed with the City in 2012, as amended in 2014, and a public hearing was held as required by the Act. The Bonds are primarily secured by assessments levied on the properties within the District benefited by such improvements for the tax years 2017 through 2036. The District was formed to provide "improvements," as defined in the Act, consisting of road improvements in and around the District.

### **General Description**

There are 9 parcels of land in the District encompassing 1,695,355.20 square feet. The land is owned by 6 businesses one of which owner prepaid the Special Assessments leaving 5 property owners that will pay Special Assessments annually in an amount intended to be sufficient to retire the Bonds. Within the District are warehouses, offices, and manufacturers.

The following table sets forth information regarding the 5 property owners:

<u>Assessment Payer</u>	<u>Square Feet</u>	<u>% of Total Special Assessments<sup>(1)</sup></u>
Murphy Group Holdings Inc.	742,698.00	51.76%
Wohlfahrt Holding LLC	514,879.20	35.88
D R Garber LLC	82,328.40	5.74
Brooks Hervey Properties LLC	53,578.80	3.74
Bazan Walter Sr., et al	41,382.00	2.88
Total	<u>1,434,866.40</u>	<u>100.00</u>

(1) Represents percentage of assessments after taking into account prepayments.

### **Special Assessments**

The Act provides that the portion of the cost of any improvement to be assessed against the real property in a neighborhood improvement district shall be apportioned against such property in accordance with the benefits accruing thereto by reasons of such improvement. The cost may be assessed equally per front foot or per square foot against property within the district or by any other reasonable assessment plan determined by the governing body of the city or county which results in imposing substantially equal burdens or share of the cost upon property similarly benefited.

The City determined that a reasonable assessment plan is to impose an equal assessment for the Improvements based on square feet. Pursuant to the Act, the City ordered the preparation of a proposed assessment roll, held a duly noticed public hearing on the Improvements and the proposed assessment roll, and ordered assessments to be made against each parcel of real property deemed to be benefited by the Improvements based on the estimated cost of the Improvements.

Pursuant to the Act, the City has completed the Improvements and approved the final assessment roll, and ordered assessments to be made against each parcel of real property deemed to be benefited by the Improvements based on the final cost of the Improvements. Thereafter, in accordance with the Act, property owners within the District were provided an option to pay their Special Assessment in full. One property owner paid their special assessments in full.

Pursuant to the Act, the 90-day statute of limitations for any action to set aside the Special Assessments or to otherwise question the validity of the proceedings relating thereto will expire on June 26, 2017. Simultaneously with the issuance of the Bonds, Bond Counsel will deliver its unqualified opinion relating to the validity of the Bonds in the form attached hereto as APPENDIX D.

The property owners that did not prepay their special assessments are required to pay the Special Assessments in installments on December 31 of each year, beginning December 31, 2017. The Special Assessments will be levied and collected by the City in the manner described below under the subcaption "Billing and Collection."

The proceeds derived from Special Assessments will be deposited in a separate and distinct city account known as the "Series 2017 Bond Fund," which may be used solely for the payment of the principal of, premium, if any, and interest on the Bonds as and when the same become due. In the event the City pays all or a portion of the principal of and interest on the Bonds as a result of a late payment of Special Assessments that are subsequently collected, the Special Assessments will be used to reimburse the City.

### *Billing and Collection*

Bills for Special Assessments will be prepared by City, mailed to the property owners in early November and due on December 31 in the year billed commencing in the year 2017. Special Assessments are a lien against the real property to which they apply. In the event of any non-payment of a Special Assessment, the City may seek such legal action as is set forth in the Missouri Revised Statutes for collection of delinquent taxes. Delinquencies in payments of Special Assessments do not affect the City's obligation to pay the principal and interest on the Bonds. See the caption "THE BONDS – Security for the Bonds."

## **THE BONDS**

### **Authority**

The Bonds are being issued pursuant to and in full compliance with the Constitution, including particularly Article III, Section 38(c), the statutes of the State of Missouri, including the Act and the Ordinance.

### **Description**

The Bonds will be issued as fully registered bonds, without certificates, and, when issued, will be registered in the name of Cede & Co., as Bondowner 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 only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See the caption "APPENDIX C - BOOK-ENTRY ONLY SYSTEM."

The Bonds are dated as of original issuance and will mature on March 1 in each of the years and in the amounts shown on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on March 1 and September 1, commencing March 1, 2018. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by the Paying Agent directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described in the Official Statement under the caption "THE BONDS." Principal and interest payments will be made to the owners thereof as of the close of business on the 15<sup>th</sup> day of the month preceding each respective interest payment date (the "Record Date").

### **Redemption**

The Bonds maturing on and after March 1, \_\_\_\_\_ are subject to redemption and payment prior to maturity at the option of the City on March 1, \_\_\_\_\_ and thereafter, in whole or in part on any date, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. When less than all outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such order of maturity as shall be determined by the City, and Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or such other equitable manner as the Paying Agent may determine.

In the event the City elects to exercise its option to redeem Bonds pursuant to the Ordinance, written notice shall be given by first class mail to the registered owners of the Bonds to be redeemed at least 30 days but not more than 60 days prior to the redemption date.

## **Security for the Bonds**

The Bonds will constitute an indebtedness and a general obligation of the City and the full faith and credit of the City is irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due; provided; however, that the City is not authorized to levy a City-wide property tax to pay the Bonds and, accordingly, the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Bonds shall be payable from and secured as to the payment of the principal and interest by (a) Special Assessments to be assessed and levied on real property deemed to be benefited by the Improvements and deposited in the Series 2017 Bond Fund, (b) moneys in the Series 2017 Bond Reserve Fund and (c) if not so paid, from current income and revenue and surplus funds of the City.

## **RISK FACTORS AND INVESTMENT CONSIDERATIONS**

*The following is a discussion of certain risks that could affect the debt service payments on the Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto). Prospective purchasers of the Bonds should consider carefully all possible factors that may result in a default in the payment of principal and interest on the Bonds. The following discussion, while not setting forth all the factors that must be considered, contains some of the factors that should be considered prior to purchasing the Bonds. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.***

### **Factors Affecting Receipt of Special Assessments from Assessed Property**

The amount of Special Assessments received by the City will depend upon the ability of the owners of such property to pay the Special Assessments. Although these amounts are generally expected to constitute a small percentage of the fair market value of the respective parcels of the assessed property, there can be no assurance that the owner of any parcel will be able to pay the Special Assessments on the parcel. Although an unpaid Special Assessment constitutes a lien on the particular assessed property against which it is assessed, realization on any such lien may be subject to litigation or other factors causing delay, and there can be no assurance that the future value of any assessed property will exceed the Special Assessment on such property.

### **Bonds Not Secured by Taxing Power**

Debt service payments on the Bonds will be made first from Special Assessments on certain real property in the District, moneys in the Series 2017 Bond Reserve Fund and (c) if not so paid, from current income and revenue and surplus funds of the City. In the event of a deficiency, timely payment of the Bonds will be dependent on the availability of moneys in the City's general fund or other legally available funds of the City. The City is neither obligated nor authorized to impose new ad valorem tax levies against the property within the territorial limits of the City for the purpose of paying the principal of or interest on the Bonds. Such general ad valorem property tax levy is available only if a proposition to make such levy is approved by a vote of the qualified electors in the City pursuant to the Constitution and laws of the State of Missouri. See the caption "THE CITY'S FINANCES - The Hancock Amendment."

### **Limitations on Remedies**

The remedies available to the registered owners upon a default in payment of the Bonds 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, otherwise known as the Federal Bankruptcy Code. The various legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of

those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

### **No Mortgage of the Property in the District**

The Bonds are not secured by a mortgage on any property in the District. However, the Act provides that the Special Assessments that are due and owing shall constitute a lien against the real estate within the District, from the date of the assessment, to the same extent as a tax upon real property. The lien may be foreclosed in the same manner as a tax upon real property by land tax sale pursuant to state law, or by judicial foreclosure proceeding, at the option of the governing body. Upon the foreclosure of any such lien, whether by land tax sale or by judicial foreclosure proceeding, the entire remaining assessment may become due and payable and may be recoverable in such foreclosure proceeding at the option of the governing body.

### **Risk of Audit**

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

### **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 registered 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 Ordinance which may constitute an event of default under the Ordinance. It may be that Registered Owners 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 Ordinance 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 State of Missouri income tax purposes.

### **Secondary Market**

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

## THE CITY

### General

The City encompasses approximately 2.95 square miles in St. Louis County, Missouri (the “County”) and is located approximately 10 miles west of downtown St. Louis. The City is within the St. Louis Metropolitan Statistical Area (“MSA”).

Interstate 170 borders the City along its eastern edge. This highway provides excellent access to the St. Louis metropolitan area connecting with Interstate 70 four miles north of the City and Interstate 40 two miles south of the City. The City is traversed by Olive Boulevard which is the main business corridor of the City.

The City is a suburban residential community with an economic base represented by a mixture of manufacturing, commercial enterprises, numerous small specialty shops, and support services.

### Government

The City is a constitutional charter city and is governed under the council-manager form of government. The legislative body is the City Council which is comprised of five members. Council members are elected at large to serve three year staggered terms.

The City Council annually elects one of its members to serve as mayor who serves as the presiding officer at Council meetings and is responsible for ceremonial functions of the City.

The City Manager (the “City Manager”) is appointed by the City Council. The City Manager is the chief administrative officer of the City and is responsible for the day-to-day management of the City’s business and staff. The City Manager is also responsible for the supervision of non-elected City officials under policies established by the City Council.

City services and functions are divided into 7 departments which are the departments of Police, Fire, Public Works, Planning and Community Development, Parks and Recreation, Finance, City Clerk and City Manager.

The City Council appoints citizens to boards and commissions with responsibility for governmental functions relating to community affairs, human relations, environment, housing, insurance and pensions, parks, planning and community design, and zoning appeals.

### Employees

The City has 70 full-time and 4 regular part-time employees. Some of the City’s firefighters are members of Local 2665 of the International Association of Firefighters. The current agreement expires on June 30, 2018. The City has no record of any significant employee dispute or of any work stoppage and considers its employee relations to be good.

### Community Services

#### *Street Maintenance*

There are approximately 41.4 miles of streets in Olivette of which 24.1 miles are owned and maintained by the City, St. Louis County or the State. The remaining 17.3 miles are privately owned by the various lot owners in 62 subdivisions. Private subdivision associations are responsible for snow removal and street repairs and obtain these services through commercial enterprises or through the City, on a pay-for-service basis. The roads in the District have been dedicated to the City for future maintenance.

### *Utilities*

Stormwater drainage and sewage collection and disposal for Olivette are provided by the Metropolitan St. Louis Sewer District, a separate taxing authority established under Section 30 of Article VI of the Constitution of Missouri and financed by ad valorem taxes and user fees. All other utilities in the City are provided by privately-owned companies. Water service is provided by Missouri American Water, natural gas is provided by Laclede Gas Company, and electricity is provided by AmerenUE.

### *Communications*

Telecommunication services are provided by AT&T and Charter Communications. The City receives all St. Louis radio stations and television channels. Local newspapers include The St. Louis Post-Dispatch, The West County Journal, a biweekly paper, the Citizen Journal, a biweekly paper, and The Countian, a weekly legal paper.

### *Fire Protection*

The City's Fire Department (the "Department") provides fire protection throughout the corporate limits of the City. Services are provided from one fire station with a staff of 23 full-time firefighters all of which are also licensed paramedics. The staff includes the Fire Chief, Assistant Fire Chief, three platoons, each with seven crew members, two officers, and five paramedic/firefighters. The Department is rated "4" by the Insurance Services Office, among ratings ranging from 1 to 10 with 1 as the best. This rating is based on several factors including the number of fire fighters and their training, response time, firefighting equipment and fire prevention programs of the Department. The Department sponsors fire prevention and safety programs as a community service.

### *Police Protection*

The City's Police Department provides police protection throughout the corporate limits of the City. Services are provided by 23 full time officers, a police records clerk, a court clerk and an assistant court clerk. The Police Department has qualified as a Certified Law Enforcement Agency through the State Certification Program established by the Missouri Police Chiefs Association. The Police Department offers public community service programs on crime prevention and has a strong neighborhood watch program. The Police Department works toward the prevention of crime, deterrence of crime, apprehending offenders, recovering and returning stolen property, enforcing traffic laws, investigating traffic accidents and investigating any crimes occurring within the community. Emergency communications services are provided by the East Central Dispatch Center.

### *Recreation Activities*

Residents of the City enjoy the best of two worlds: life in a pleasant community with a park system, community center and planned recreational activities; and access to St. Louis, one of the nation's largest cities with all of its activities including the St. Louis Zoological Park, Missouri Botanical Garden, Cardinals Baseball and the St. Louis Symphony. The City owns 5 parks encompassing 58 acres and has a long-term lease from the City of St. Louis Water Department for Stacy Park that encompasses 26 acres. Recreational facilities include ball fields, playgrounds, picnic areas with pavilions and a .7 mile all weather multi-purpose path. The City owns a community center that includes an 8,200 square foot gymnasium, 8 meeting rooms, a stage, and a commercial kitchen. City organized activities at the center include youth basketball, art, dance, aerobics and senior exercise.

### *Solid Waste Collection*

The State of Missouri Solid Waste Management Law requires cities with a population over 500 to develop, adopt and implement a solid waste management plan to ensure that all solid wastes in a community are stored, collected, transported and disposed of properly. In order to provide residential collection, the City contracts for this service with private collectors through competitive bidding every three years. The cost of solid waste collection services is shared by the City and residents. Businesses located within the City arrange their own collection with private collectors.

### *Medical*

Mercy Medical Hospital St. Louis (Mercy) and Barnes-Jewish West County Hospital are the nearest hospitals to the City located approximately 7 miles and 6 miles from the City's corporate limits, respectively. Barnes-Jewish West County Hospital, which has 77 staffed beds and offers services that include cancer care at the Siteman Cancer Center, emergency care, heart and vascular, imaging, sleep therapy, and physical therapy and rehabilitation, as well as a full range of inpatient and outpatient surgical procedures including colorectal, urology, orthopedics, plastics, ENT (ears, nose and throat), digestive diseases, bariatrics and ophthalmology. Plans are underway for the construction of a new 260,000 square foot hospital with groundbreaking within the next few months and completion in 2019. Mercy Hospital St. Louis, which has 979 beds and is the only Level I (highest) Trauma Center in St. Louis County. Other services include oncology, cardiovascular, pediatrics (including pediatric oncology), burns, stroke and neurosurgery, obstetrics, gynecology, behavioral health, home health and hospice.

### *Education*

The public school system within the City is operated under the administration and control of the Ladue School District and the Junior College District of St. Louis, St. Louis County, Missouri. These districts are independent of the City, having their own elected or appointed officials, budgets and administrators. The districts are empowered to levy taxes, separate and distinct from those levied by the City.

Primary education within the City is provided by the Ladue School District (the "School District"). The School District owns and operates 4 elementary schools, 1 junior high school and 1 senior high. The Junior College District of St. Louis, St. Louis County, Missouri operates four campuses in the St. Louis area. In addition, numerous institutions of higher education located in the St. Louis metropolitan area are easily accessible to City residents including Saint Louis University, Washington University and the University of Missouri-St. Louis.

## **Economic and Demographic Data**

### *Transportation*

Interstate 170 borders the City along its eastern edge. Interstate 170 provides north and south access to the metropolitan St. Louis area and intersects Interstate 70 four miles north of the City and intersects Interstate 40 two miles south of the City.

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

### *Population*

The following table sets forth population statistics for the City:

<u>Year</u>	<u>Population</u>
1990	7,573
2000	7,438
2010	7,737
2015	7,843

*Source: All of the figures above are from the Bureau of Census. The figures are based on official census counts except for 2015 which is an unofficial estimate.*

### *Economy*

The City is a suburban residential community with an economic base represented by a mixture of manufacturing, commercial enterprises, numerous small specialty shops, and support services. The City currently has approximately 354 business establishments, including approximately 133 manufacturing and warehouse enterprises located on 182 acres of land zoned industrial which includes three established industrial parks. The City does not have a central business district. Commercial enterprises include numerous small specialty stores, office buildings and several small strip shopping centers located mostly along Olive Boulevard, the major thoroughfare of the City.

### *Employment*

According to estimates of the U.S. Bureau of Census, 2011-2015 American Community Survey, the total civilian labor force of the City was 3,966 and 278 people were unemployed. This represents a 7.0% unemployment rate.

### *Major Employers*

The majority of businesses in the City employ less than 50 people. The following schedule sets forth the top employers in the City:

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Enterprise Fleet Management	General Business Offices	653
US Bank	Mortgage Operations Center	463
Intelligrated System	Material Handling Automation Solutions	300
The Murphy Company	Mechanical Contractors And Engineers	248
HDIS, Inc.	Mail Order Medical Supplies	243
Medical West Respiratory Care	Medical Products Distributor	147
PayneCrest Electric, Inc.	Electric Contractor	100
Lutheran Family and Children	Not-For-Profit Social Services	94
BECS Technology, Inc.	Electronic Equipment Manufacturing	82
American Home Care	Home Health Care	77
Allied Industrial Equipment	Material Handling Equipment	77

*Source: City's 2016 Comprehensive Annual Financial Report.*

*Building and Construction Data*

The City is an established community surrounded by other incorporated municipalities. Available land for construction is limited to a small amount of undeveloped parcels and redevelopment of currently developed parcels.

The following table sets forth the number and value of building permits issued by the City for the past five fiscal years:

Fiscal Year	New Residential		New Commercial		Total <sup>(1)</sup>	
	Number	Value	Number	Value	Number	Value
2012	10	\$2,987,348	—	—	10	\$2,987,348
2013	11	3,583,308	—	—	11	3,583,308
2014	18	6,000,000	2	1,450,000	20	7,450,000
2015	23	9,092,512	—	—	23	9,092,512
2016	16	6,762,310	—	—	16	6,762,310

(1) Excludes tenant finishes, additions and permits for miscellaneous purposes.

Source: City of Olivette, Department of Public Services.

*Housing*

The following table sets forth statistics relating to housing for the City and, for comparative purposes, St. Louis County, St. Louis MSA, and the State of Missouri:

	Median Value of Owner Occupied Housing	% Built in 2000 or Later	Units Built Before 1940
The City	\$295,200	10.2%	4.8%
Other Entities:			
St. Louis County	173,400	6.5	10.0
St. Louis MSA	157,100	13.3	16.7
State of Missouri	138,400	15.6	14.1

Source: US Bureau of Census, 2011-2015 American Community Survey 5-Year Estimates.

*Income*

The following table sets forth certain income statistics for the City and, for comparative purposes, St. Louis County, St. Louis MSA, and the State of Missouri:

	Per Capita <u>Income</u>	Median Family <u>Income</u>	% People Below <u>Poverty Level</u>
The City	\$47,338	\$95,850	4.1%
Other Entities:			
St. Louis County	35,570	77,399	10.9
St. Louis MSA	30,327	70,718	13.1
State of Missouri	26,259	60,809	15.6

Source: US Bureau of Census, 2011-2015 American Community Survey 5-Year Estimates.

## THE CITY'S FINANCES

### Accounting and Reporting Practices

The City operates on a fiscal year which commences on July 1 and ends on June 30 in the following calendar year (the "Fiscal Year").

The accounts of the City are organized on the basis of funds and account groups, in conformance with accounting principles generally accepted in the United States of America applicable to governments. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Additional information regarding these methods of accounting are described in Note 1 in to the financial statements included as APPENDIX A to this Official Statement.

The City Council annually engages an independent certified public accountant for the purpose of performing an audit of the books of accounts, financial records, and transactions of the City.

### Investment Policies

The City's investment policies are governed by state statutes. All cash not restricted by law to specific accounts is pooled and invested by the City Manager under the direction of the City Council. Under Missouri Revised Statutes, the funds of the City may be invested in (i) United States Treasury Bills, Notes and Bonds, (ii) obligations of United States agencies, (iii) collateralized certificates of deposit, or (iv) bank repurchase agreements. Presently, all of the City's investments are in Certificates of Deposit and obligations of agencies of the United States.

### Budget Process

The City Manager prepares an annual budget for the ensuing fiscal year. The budget is based upon information provided by the various City departments and employees. After a proposed budget is prepared, it is submitted to the City Council for review. The City Council may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. The budget is legally enacted by ordinance following public hearings on the proposed budget.

Pursuant to the Missouri Revised Statutes, the annual budget must set forth a complete financial plan for the ensuing fiscal year, and must include at least the following information:

- (1) A budget message describing the important features of the budget and major changes from the preceding year;
- (2) Estimated revenues to be received from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund and source;
- (3) Proposed expenditures for each department, office, commission, and other classifications for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity and object;
- (4) The amount required for the payment of interest, amortization and redemption charges on debt; and

(5) A general budget summary.

Within a Fiscal Year the City Manager may transfer all or any part of any unencumbered appropriation balance among programs within a department. The City Council may, by ordinance, transfer part or all of an unencumbered appropriation balance from one department to another.

### **The General Fund**

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

The following table indicates the City's General Fund revenues, expenditures and changes in fund balance for the 2013 through 2016 Fiscal Years:

**SUMMARY OF OPERATIONS  
GENERAL FUND**

	Fiscal Year Ended June 30			
	2013	2014	2015	2016
<b>REVENUES</b>				
Taxes	\$5,582,401	\$5,777,851	\$5,446,438	\$5,399,337 <sup>(1)</sup>
Licenses and permits	428,041	419,501	396,444	424,024
Fines and court costs	283,289	282,012	339,011	302,970
Intergovernmental <sup>(2)</sup>	28,001	71,323	322,307	326,572
Investment income	—	—	1,757	23,227
Charges for service <sup>(3)</sup>	638,288	657,535	584,197	500,558
Miscellaneous	86,282	169,244	116,935	86,587
Total Revenues	7,046,302	7,377,466	7,207,089	7,063,275
<b>EXPENDITURES</b>				
Current:				
Administration	817,194	850,094	956,954	982,563
Public Safety	4,453,183	4,506,882	4,584,350	4,572,719
Public works	830,827	874,947	854,848	900,386
Parks and recreation	465,385	455,348	435,691	434,920
Public health	44,868	47,431	55,937	54,633
Capital Outlay	122,408	260,052	25,796	88,718
Debt service	70,129	62,047	—	—
Total Expenditures	6,803,994	7,056,801	6,913,576	7,033,939
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	242,308	320,665	293,513	29,336
<b>TRANSFERS IN</b>	56,824	56,281	66,758	74,309
<b>FUND BALANCE BEGINNING OF YEAR</b>	3,023,047	3,598,769 <sup>(4)</sup>	3,975,715	4,335,986
<b>FUND BALANCE END OF YEAR</b>	\$3,322,179	\$3,975,715	\$4,335,986	\$4,439,631

(1) The decline in revenues was attributable to utility taxes.

(2) Motor Vehicle Taxes collected and distributed by the State were reclassified from “Taxes” to “Intergovernmental” beginning with the 2015 Fiscal Year.

(3) The decline in “Charges for service” is attributed to reduced youth program usage at the City’s Community Center,

(4) Reflects a \$276,590 prior period adjustment.

Source: Derived from the audited annual financial statements of the City.

**2017 Projected Results**

The City’s 2017 Fiscal Year ends on June 30, 2017. Based on the City’s 2017 Fiscal Year budget and year-to-date results, the City expects the General Fund ending balance to be approximately \$4,900,000.

At an election in April 2017, voters in the County approved a County-wide half-cent sales tax for public safety in the county and municipalities within the County. The measure, is estimated to raise \$80 million annually of which five-eighths is to be distributed to cities, towns, villages and the unincorporated area of the County on the ratio that the population of each bears to the total population of the County the County’s municipalities based on their relative populations. Based on

estimates prepared by the St. Louis County Municipal League, the City expects to receive approximately \$387,000 from this tax annually. Distributions will be made and are expected to begin in December.

## Revenue Sources

The City derives its revenues from a variety of sources. The following list sets forth the primary sources of City revenues for the general fund for the 2016 Fiscal Year:

<u>Revenue Source</u>	<u>Revenues</u>	<u>Percentage of Total Revenues</u>
TAXES:		
General Sales Tax	\$1,356,043	19.19%
Use Tax	267,443	3.79
Property	1,649,882	23.36
Utility	2,125,031	30.09
Other	938	0.01
	<u>5,399,337</u>	<u>76.44</u>
LICENSES AND PERMITS	424,024	6.00
FINES AND COURT COSTS	302,970	4.29
INTERGOVERNMENTAL	326,572	4.62
CHARGES FOR SERVICES	500,558	7.09
OTHER	109,814	1.56
	<u>\$7,063,275</u>	<u>100.00%</u>

*Source: Figures derived from audited financial statements of the City and office of the Finance Director.*

The following is a summary of some of the significant revenue sources of the City.

### *Sales Tax*

The City has a general sales tax, a capital improvements sales tax, a fire protection sales tax, a parks and stormwater sales tax, and a use tax. As described below, the City is a “point of sale” city with respect to its general sales tax, capital improvements sales tax, fire protection sales tax, and parks and stormwater sales tax.

In St. Louis County, local sales taxes are collected by the State and remitted to St. Louis County for distribution. Within St. Louis County, some cities are “pool” cities and some cities are “point-of-sale” cities. The City is a point-of-sale city and contributes a portion of its sales tax to a County pool under a complicated formula. Point-of-sale cities, including the City, that have a capital improvement sales tax contribute 15% of revenue to a county capital improvement sales tax pool for pool cities. Point-of-sale cities receive the balance of sales tax revenues generated within their borders.

In December 2014, the City of Chesterfield, a large municipality in St. Louis County, filed litigation challenging the method in which sales taxes are distributed in St. Louis County. If changes are made to the method in which sales taxes are distributed to cities in St. Louis County pursuant to this litigation, the City’s sales tax revenue would likely increase.

Recently enacted legislation known as HB1561, which became effective on January 1, 2017, changes the formula by which sales taxes are contributed to the pool. The change is not expected to have a material impact on the total sales taxes collected by the City.

General Sales Tax. The sales tax receipts for general purposes are from a 1¼% City sales tax. 1% of the general sales tax was authorized by special election in 1971. The remaining ¼% City sales tax was authorized by special election in 1993.

The following table sets forth the total general sales tax receipts of the City for the Fiscal Years 2012 through 2016:

<u>Year</u>	<u>Sales Tax</u>
2012	\$ 997,575
2013	1,066,361
2014	1,249,241
2015	1,281,488
2016	1,356,043

*Source Office of the Finance Director.*

Capital Improvement Sales Tax. In November 1995, voters approved a ½% sales tax for capital improvements that the City uses primarily for capital improvements relating to streets and for the cost of maintaining such improvements.

The City deposits this tax in the Capital Improvement Fund, together with certain other revenue including a road and bridge tax. The following table sets forth the total capital improvement sales tax receipts of the City for the 2012 through 2016 Fiscal Years:

<u>Year</u>	<u>Sales Tax</u>
2012	\$368,108
2013	391,284
2014	455,393
2015	466,998
2016	494,606

*Source Office of the Finance Director.*

Fire Protection Sales Tax. In November 2001, voters approved a ¼% sales tax for Fire Protection. By statute, this tax must be used solely for funding expenses related to fire protection.

The following table sets forth the City’s fire protection sales tax receipts for the Fiscal Years 2012 through 2016:

<u>Year</u>	<u>Sales Tax</u>
2012	\$216,518
2013	230,151
2014	267,421
2015	274,797
2016	290,939

*Source Audited financial statements.*

Parks and Stormwater Sales Tax. In April 2002, voters approved a ½% sales tax for Parks and Stormwater. By statute, this tax must be used solely for funding expenses related to parks and stormwater control.

The following table sets forth the City's park and stormwater sales tax receipts for the Fiscal Years 2012 through 2016:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$432,977
2013	460,301
2014	534,837
2015	549,592
2016	581,879

*Source Audited financial statements of the City.*

Use Tax. The use tax is a tax on businesses for sales with respect to the storage, usage or consumption of tangible personal property in Missouri that was purchased outside the state. At an election held on August 6, 1996, voters approved a use tax to match the local sales tax rate. The use tax collection rate is presently 1.5%.

The governing bodies of cities in the County that impose the use tax may elect to receive the use tax based on point-of-sales, with a portion of the tax being contributed to a pool, or may contribute the tax to the pool and obtain a portion of the funds in the pool. The City elected to receive use taxes based on point-of-sale.

## **TAXATION**

### **Property Taxation**

Not later than September 30 of each year, the City Council sets the rate of tax for the City and files the tax rate with the County by October 1. The County is responsible for reviewing the rate of tax to insure that it does not exceed constitutional rate limits.

Taxes are levied on all taxable real and personal property owned as of January 1 in each year. Certain properties, such as those used for charitable, education, and religious purposes, are excluded from ad valorem taxes for both real and personal property.

Real property within the City is assessed by the County Assessor. The County Assessor is responsible for preparing the tax rolls each year and for submitting tax rolls to the County Board of Equalization. The Board of Equalization has the authority to question and determine the proper value of property and then adjust and equalize individual properties appearing on the tax rolls. By statute, tax bills are to be mailed in October; however, the volume of assessment complaints required to be reviewed by the County Board of Equalization can affect the date on which bills are actually mailed.

Payment of tax on real and personal property is due by December 31 after which date they become delinquent and accrue a penalty of one percent per month. The County Collector of Revenue deducts a commission equal to 1.5% of the taxes collected for this service. After such collections and deductions of commission, taxes are distributed according to the taxing body's pro-rata share.

## The Hancock Amendment

On November 4, 1980, Missouri voters approved an amendment to the Missouri Constitution to limit taxation and government spending.

The amendment, popularly known as the Hancock Amendment, requires political subdivisions of the State of Missouri to obtain voter approval to impose any new, or to increase any existing, “tax, license or fee.” The Missouri Supreme Court, in Keller v. Marion County Ambulance District, has interpreted this phrase to include only general taxes and licenses or fees that, in substance, are taxes.

The amendment also limits the rate of increase and the total amount of taxes on property which may be imposed in any year without voter approval. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each political subdivision must be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

The Hancock Amendment does not apply to taxes imposed for the payment of principal and interest on general obligation bonds or other indebtedness authorized by a City-wide referendum. This exemption from the Hancock Amendment does not apply to the Bonds.

## Assessed Valuation

Assessment of real property, pursuant to the Constitution of Missouri, requires such property to be classified in subclasses consisting of agricultural, residential or commercial, permits different assessment ratios for each subclass and requires uniformity in taxation of real property within each subclass. Pursuant to the Constitution, agricultural property is assessed at 12% of its productivity value, residential property is assessed at 19% of true value, and commercial property is assessed at 32% of true value. Personal property is assessed according to book value. In 1986, the Missouri General Assembly passed a bill requiring reassessment of all real properties every two years, beginning in 1987.

The following table indicates the assessed valuation, for the tax years 2012 through 2016, following review by the Board of Equalization and is the assessed valuation used by the City for calculating its tax levy:

<u>Year</u>	<u>Assessed Value</u>
2012	\$236,565,175
2013	228,895,627
2014	231,566,471
2015	246,997,783
2016	247,759,748

*Source: Reports from the St. Louis Department of Revenue at <http://revenue.stlouisco.com>.*

The following table sets forth the estimated market value of taxable property for 2016 based on the 2016 assessed valuation certified on December 31, 2016 and deemed final for State and Local Government purposes and the assessment ratios described hereinbefore:

<u>Subclass</u>	<u>Assessed Valuation</u>	<u>Assessment Ratio</u>	<u>Estimated Market Value</u>
Residential Property	\$164,651,680	19.0%	\$ 866,587,789
Commercial Property	53,150,080	32.0	166,094,000
Personal Property	30,675,378	33.3	92,026,134
Agricultural Property	—	12.0	—
Total	<u>\$248,477,138</u>		<u>\$1,124,707,923</u>

Source: From Assessment Roll, December 31, 2016 at <http://revenue.stlouisco.com>.

### Tax Rates

Political subdivisions in the County must establish separate tax rates for residential, commercial, agricultural and personal property, except for the tax rate for payment of general obligation bonds. The purpose of the law is to help reduce the property tax burden on homeowners in areas where residential assessments were increasing at a faster rate than commercial assessments. The following table sets forth the tax rate for 2016 based on the assessment categories:

	<u>Residential</u>	<u>Commercial</u>	<u>Personal</u>
General Fund	\$ .626	\$ .768	\$ .771
Pension Fund	.229	.250	.250
Debt Service	.420	.420	.420
Total	<u>\$1.275</u>	<u>\$1.438</u>	<u>\$1.441</u>

The following table sets forth the City's residential tax rates for the 2012 through 2016 tax years:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General	\$ .638	\$ .670	\$ .670	\$ .623	\$ .626
Pension Fund	.231	.244	.244	.227	.229
Debt Service	—	—	.420	.420	.420
Total	<u>\$ .869</u>	<u>\$ .914</u>	<u>\$1.334</u>	<u>\$1.270</u>	<u>\$1.275</u>

Source: Annual Audited Financial Statements and Missouri State Auditor's Reports of Property Tax Rates for 2013 through 2016.

## Tax Levies and Collection

Billing and collection of property taxes is performed by the County. The following table sets forth information regarding tax collections for the City for the 2012 through 2016 tax years:

Levy Year	Total Taxes Levied	Current Taxes		Current & Back Taxes	
		Paid by Due Date	% Collected	Collected	% Collected
2012	\$2,170,673	\$1,959,926	90.29%	\$2,222,567	102.39%
2013	2,171,976	1,815,413	83.58	2,035,317	93.71
2014	3,172,997	2,757,186	86.90	3,079,224	97.04
2015	3,275,040	2,869,592	87.62	3,264,502	99.67
2016	3,301,095	2,802,204	84.89	3,156,307	95.61

Source: Office of the County Collector.

## Major Taxpayers

The following table sets forth information regarding the top ten taxpayers in the City based on 2016 real and personal property tax assessment:

Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Bonhomme Village Apartments Associates	\$2,880,740	1.16%
Intelligrated Systems, Inc.	2,795,640	1.13
Murphy Company Mechanical Contractors	2,683,010	1.08
9666 Partners LLC	2,540,480	1.02
Ameren UE	2,376,934	0.96
Pingree 2000 Real Estate Holdings LLC	2,219,610	0.89
OL2 Remain LLC ETAL	2,107,390	0.85
U.S. Bank NA	1,874,720	0.75
Malibu Midwest LLC	1,520,830	0.61
PPM Baur LLC	1,366,560	0.55

Source: St. Louis County Report "Top 100 Assessment by Taxing Authority" for cities and St. Louis County Department of Revenue.

## DEBT OF THE CITY

### General

The Missouri Constitution provides that, subject to voter approval, cities may issue general obligation bonds in an amount not exceeding 10% of the total assessed valuation of the taxable property of the City. The Missouri Constitution also permits cities to become indebted for an additional 10% of the value of taxable, tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues; and constructing, extending and improving a sanitary or storm sewer system. Lease obligations payable from annual appropriations do not require voter approval and do not count against the constitutional debt limitation.

Pursuant to the Missouri Constitution, the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes is four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal election day, primary or general elections. A vote of two-thirds (2/3) of the qualified voters voting on the specific general obligation bond proposition is required at all other elections.

## Outstanding Debt

The following is a list of the City’s outstanding Neighborhood Improvement District Bonds and general obligation bonds as of the date of this Official Statement:

<u>Issue</u>	<u>Issue Date</u>	<u>Amount Outstanding</u>
Neighborhood Improvement District Bonds, Series 2012	November 13, 2012	\$ 600,000
General Obligation Bonds, Series 2014	December 22, 2014	11,760,000
Neighborhood Improvement District Bonds, Series 2017	July 25, 2017*	<u>1,385,000*</u>
		<u>\$13,745,000*</u>

## Legal Debt Limit and Debt Margin\*

The following table sets forth the City’s legal debt limit and debt margin based on the 2016 assessed valuation certified on December 31, 2016 and deemed final for State and local government purposes:

	<u>City Purposes Basic Limit</u>	<u>Special Purpose Additional Limit</u>
2016 Assessed Value	<u>\$248,477,138</u>	<u>\$248,477,138</u>
Debt Limit - 10% of Assessed Value	\$24,847,714	\$24,847,714
Less: General Obligation Bonds <sup>(1)</sup>	<u>13,745,000</u>	<u>—</u>
Legal Debt Margin	<u>\$11,102,714</u>	<u>\$24,847,714</u>

(1) The table includes the NID Bonds. The NID Act and the constitutional provision authorizing neighborhood improvement districts expressly provide a debt limitation of 10% of the issuer’s then-current assessed valuation. *Spradlin v. Fulton* raised, but did not answer the question of whether the NID Act and constitutional authorization established a debt limit independent of other general obligation debt limitations. Accordingly, at this time, NID Bonds are computed as part of the general debt limitation.

## Direct and Overlapping Debt\*

The following table sets forth information relating to the outstanding general obligation debt of the City and overlapping taxing entities (“direct and overlapping debt”):

	<u>Outstanding Bonds<sup>(1)</sup></u>	<u>Percent Applicable to the City<sup>(2)</sup></u>	<u>City’s Direct and Overlapping Debt</u>
City of Olivette	\$ 13,745,000	100.00%	\$13,745,000
St. Louis County	97,210,000	1.09	1,059,589
Ladue School District	<u>142,065,000</u>	16.26	<u>23,099,769</u>
	<u>\$253,020,000</u>		<u>\$37,904,358</u>

(1) Excludes lease obligations.

(2) Estimate based on 2016 assessed value of real and personal property.

Source: Bond amounts were provided by the respective taxing districts or from records available through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”). Assessments were derived from the St. Louis County report “2016 Assessment Roll Dec 31, 2016 Revised.”

\* Subject to change

## Debt Service Requirements

### *General Obligation Bonds*

The following table sets forth the debt service requirements on the City's voter approved general obligation bonds:

Calendar Year	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>
2017		\$ 158,768	\$ 158,768
2018	\$ 565,000	311,885	876,885
2019	580,000	300,435	880,435
2020	590,000	288,735	878,735
2021	600,000	276,835	876,835
2022	615,000	264,685	879,685
2023	625,000	251,816	876,816
2024	640,000	237,098	877,098
2025	660,000	220,848	880,848
2026	675,000	202,473	877,473
2027	695,000	181,923	876,923
2028	720,000	160,698	880,698
2029	740,000	138,798	878,798
2030	760,000	116,298	876,298
2031	785,000	92,730	877,730
2032	810,000	67,906	877,906
2033	835,000	41,681	876,681
2034	865,000	14,056	879,056
Total	<u>\$11,760,000</u>	<u>\$3,327,668</u>	<u>\$15,087,668</u>

*Neighborhood Improvement District Bonds*

The following table sets forth the City's debt service requirements on its NID Bonds:

Calendar Year	Series 2012 NID Bonds		The Bonds*		Total Debt Service*
	Principal	Interest	Principal	Interest	
2017		\$ 5,973			\$ 5,973
2018	\$ 35,000	11,753	\$ 50,000	\$ 40,502	137,255
2019	35,000	11,368	55,000	36,231	137,599
2020	35,000	10,886	60,000	35,495	141,381
2021	35,000	10,309	60,000	34,595	139,904
2022	40,000	9,690	60,000	33,575	143,265
2023	40,000	8,960	60,000	32,420	141,380
2024	40,000	8,160	60,000	31,160	139,320
2025	40,000	7,360	65,000	29,719	142,079
2026	40,000	6,520	65,000	28,078	139,598
2027	40,000	5,640	65,000	26,355	136,995
2028	40,000	4,760	70,000	24,498	139,258
2029	45,000	3,780	70,000	22,503	141,283
2030	45,000	2,700	70,000	20,438	138,138
2031	45,000	1,620	75,000	18,225	139,845
2032	45,000	540	75,000	15,863	136,403
2033	—	—	80,000	13,283	93,283
2034	—	—	80,000	10,523	90,523
2035	—	—	85,000	7,676	92,676
2036	—	—	90,000	4,658	94,658
2037	—	—	90,000	1,553	91,553
Total	<u>\$600,000</u>	<u>\$110,019</u>	<u>\$1,385,000</u>	<u>\$467,350</u>	<u>\$2,562,369</u>

**Debt Ratios and Related Information\***

Population, 2015 .....	7,843
Assessed Value, 2016 .....	\$248,477,138
Estimated Market Value, 2016 .....	\$1,124,707,923
Direct Bonded Debt .....	\$13,745,000
Direct and Overlapping Bonded Debt .....	\$37,904,358
Per Capita 2016 Assessed Valuation .....	\$31,681
Per Capita 2016 Estimated Market Value .....	\$143,403
Per Capita Direct Bonded Debt .....	\$1,753
Per Capita Combined Net Direct and Overlapping Debt .....	\$4,843
Direct Bonded Debt as a Percentage of 2016 Assessed Valuation .....	5.53%
Direct and Overlapping Bonded Debt as a Percentage of 2016 Assessed Valuation .....	15.25%
Direct Bonded Debt as a Percentage of 2016 Estimated Market Value .....	1.22%
Direct and Overlapping Bonded Debt as a Percentage of 2016 Estimated Market Value .....	3.37%

**Future Debt**

The City has no plans for the issuance of additional bonds.

\* Subject to change

## THE PLAN OF FINANCING

### Description

The Bonds are being issued for the purpose of providing long-term financing for the Improvements. Following the issuance of the Bonds, a portion of the proceeds will be used to pay the principal of and interest on the Temporary Notes to and including July 25, 2017, the date of redemption of the Temporary Notes. The balance of the funds will be used to reimburse the City for a portion of its expenditures relating to the Improvements, pay the costs of issuance and funding the Series 2017 Bond Reserve Fund.

### Estimated Sources and Uses of Funds\*

The estimated sources and uses of funds are set forth below.

#### Sources of Funds

Principal Amount of Bonds	\$1,385,000
Funds From Prepayments <sup>(1)</sup>	223,883
Total	<u>\$1,608,883</u>

#### Uses of Funds

Redemption of the Temporary Notes	\$ 959,098
Reimbursement to City <sup>(2)</sup>	498,015
Series 2017 Bond Reserve Fund	95,495
Costs of Issuance including Underwriter's Discount	56,275
Total	<u>\$1,608,883</u>

(1) Represents the funds from the voluntary prepayment of Special Assessments.

(2) Approximately \$46,547 of funds spent by the City for Improvements will not be reimbursed and are excluded from this figure.

## RATING

Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich, New York, New York 10007 has assigned the Bonds the rating of "Aa2." An explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating may adversely affect the market price of the Bonds.

## LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. The approving opinion of Bond Counsel will be printed on the Bonds and manually executed copies will be furnished at the time the Bonds are paid for and delivered. Bond Counsel has participated only in the preparation of the cover page of this Official Statement and of those portions of this Official Statement captioned "THE BONDS," "LEGAL MATTERS," "APPENDIX B – SUMMARY OF THE ORDINANCE" "CONTINUING DISCLOSURE UNDERTAKING – Description of Undertaking," "TAX MATTERS" and "APPENDIX D - FORM OF OPINION OF BOND COUNSEL". Bond Counsel accordingly expresses no opinion as to the accuracy or sufficiency of other portions of this Official Statement. Certain legal matters will be passed upon for the City by Paul Martin, P.C., St. Louis, Missouri, City Attorney.

## TAX MATTERS

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

### Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

***Federal and Missouri Tax Exemption.*** The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

***Alternative Minimum Tax.*** Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

***Bank Qualification.*** The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

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

### Other Tax Consequences

***Original Issue Discount.*** For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular

accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

***Original Issue Premium.*** For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

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

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

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

## **MUNICIPAL ADVISOR**

WM Financial Strategies, St. Louis, Missouri, (the "Municipal Advisor") is a registered municipal advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor is employed by the City to render certain professional services, including advising the City on a plan of financing and assisting in preparing the Official Statement for the sale of the Bonds. The Municipal Advisor does not guaranty, warrant or represent the accuracy or completeness of the information contained in this Official Statement.

## UNDERWRITING

\_\_\_\_\_ (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price equal to \$\_\_\_\_\_ which is net of an underwriting discount equal to \$\_\_\_\_\_. The initial public offering prices set forth on the inside cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices set forth on the inside cover page.

## NO LITIGATION CERTIFICATE

Simultaneously with the delivery of and payment for the Bonds, the City Manager, acting on behalf of the City Council, will furnish to the Underwriter a certificate which shall state, among other things, that there is no controversy, suit or other proceeding of any kind pending or to the knowledge of the City Manager threatened, in any court (either State or federal) which would seek to restrain or enjoin the issuance or delivery of the Bonds or question (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the pledge of the City of the moneys under the Ordinance, or (iv) the legal existence of the City or the title to office of the present officials of the City.

## CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the City has agreed to provide the following to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”):

- (i) beginning on or prior to 180 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2017, audited financial statements and certain annual financial information and operating data generally consistent with the information contained in this Official Statement under the captions “THE CITY’S FINANCES,” “TAXATION,” and “DEBT OF THE CITY” (excluding “Debt Ratios and Related Information”).
- (ii) notice of the occurrence of any of the following events with respect to the Bonds, within 10 business days after the occurrence:
  - (1) principal and interest payment delinquencies;
  - (2) non-payment related defaults, if material;
  - (3) modifications to rights of bondholders, if material;
  - (4) bond calls, if material, and tender offers;
  - (5) defeasances;
  - (6) rating changes;
  - (7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the security;
  - (8) unscheduled draws on debt service reserves reflecting financial difficulties;

- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (10) substitution of credit or liquidity providers, or their failure to perform;
  - (11) release, substitution or sale of property securing repayment of the Bonds, if material;
  - (12) bankruptcy, insolvency, receivership or similar event of the City;
  - (13) the consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (14) appointment of a successor or additional trustee or the change of name of the bond trustee, if material.
- (iii) 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, from time to time, choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the City, such other event is material with respect to the Bonds, however, the City does not undertake to commit to provide any such notice of the occurrence of any material event except those indicated herein.

The City reserves the right to modify, from time to time, the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City agrees that any such modification will be done in a manner consistent with the Rule as the same may be amended from time to time. The City reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the City no longer remains an "Obligated Person" with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the owners of the Bonds provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the City's obligations hereunder and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

### **Prior Compliance**

To the best of the City's knowledge and belief, the City has complied, in all material respects, with its prior continuing disclosure obligations under the Rule for the last five years.

### **CERTIFICATION OF OFFICIAL STATEMENT**

Simultaneously with the delivery of the Bonds, the City Manager, acting on behalf of the City Council, will furnish to the Underwriter a certificate which shall state, among other things, that to the best of his knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

**MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained 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.

CITY OF OLIVETTE, MISSOURI

BY: \_\_\_\_\_  
Mayor

**APPENDIX A**

**CITY OF OLIVETTE, MISSOURI  
FINANCIAL STATEMENTS  
JUNE 30, 2016**

The financial statements presented within this Appendix have been extracted from the City’s Comprehensive Annual Financial Report for the year ended June 30, 2016. The statements include the auditor’s report and supplemental data which are not included herein. Copies of the Comprehensive Annual Financial Report in its entirety are available from the City. Additionally, the City’s budget for the fiscal year ending June 30, 2017 may be obtained from the City. Copies of the Comprehensive Annual Financial Report, in its entirety is available from the City at <http://www.olivettemo.com/Archive.aspx?AMID=37>.

**INDEX**

Statement Of Net Position .....	A-3
Statement Of Activities.....	A-4
Balance Sheet – Governmental Funds.....	A-5
Reconciliation Of The Statement of Net Position Of Governmental Funds To The Balance Sheet.....	A-6
Combined Statement Of Revenues, Expenditures And Changes In Fund Balances – All Governmental Fund Types .....	A-7
Reconciliation of the Statement Of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds to The Statement of Activities.....	A-8
Statement of Fiduciary Net Position.....	A-9
Statement of Changes in Fiduciary Net Assets – Pension Trust Fund .....	A-10
Notes To the Financial Statements .....	A-11
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability.....	A-33
Schedule of Actuarially Determined Pension Contribution and Dollar-Weighted Rate of Return .....	A-34
Other Post-Employment Benefits .....	A-36
Budgetary Comparison Schedule – General Fund .....	A-37
Notes to Required Supplementary Information .....	A-38
Combining Balance Sheet - Nonmajor Governmental Funds .....	A-39
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.....	A-40

Budgetary Comparison Schedule – Dielman Neighborhood Improvement District .....	A-41
Supplementary Information – Budgetary Comparison Capital Improvement Fund .....	A-42
Supplementary Information – Budgetary Comparison New Facility Fund.....	A-43
Budgetary Comparison Schedule – North Price Neighborhood Improvement District .....	A-44
Budgetary Comparison Schedule – Grants Fund .....	A-45
Budgetary Comparison Schedule – Fire Operations Fund.....	A-46
Budgetary Comparison Schedule – Local Parks/Storm Water Fund.....	A-47
Budgetary Comparison Schedule – Sewer Lateral Fund .....	A-48
Budgetary Comparison Schedule – Pension Fund .....	A-49
Statement of Changes in Assets and Liabilities – Agency Fund.....	A-50

**CITY OF OLIVETTE, MISSOURI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 7,704,258
Taxes receivable:	
Property	105,236
Other	1,478,890
Receivables:	
Accounts	16,960
Intergovernmental	282,579
Interest	18,474
Inventory	10,140
Cash and investments - restricted	8,495,083
Capital assets - net	
Nondepreciable	8,767,853
Depreciable	1,942,845
TOTAL ASSETS	28,822,318
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related deferred outflows	2,386,903
<b>LIABILITIES</b>	
Accounts and retainage payable	1,107,531
Accrued wages	286,228
Other liabilities	56,779
Interest payable	113,655
Net pension liability	6,221,305
Noncurrent liabilities:	
Due in one year	1,930,216
Due in more than one year	12,916,318
TOTAL LIABILITIES	22,632,032
<b>NET POSITION</b>	
Net investment in capital assets	6,779,302
Restricted:	
Capital projects	1,286,028
Debt service	1,118,899
Local parks and storm water	1,104,760
Sanitary sewer lateral program	651,061
Pension contributions	4,279
Unrestricted	(2,367,140)
TOTAL NET POSITION	\$ 8,577,189

The accompanying notes are an integral part of these financial statements.

**CITY OF OLIVETTE, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>Functions/Programs</b>	<u>Program Revenue</u>			Net (Expense) Revenue and Change in Net Position
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Administrative	\$ 1,217,825	\$ 274,553	\$ -	\$ (943,272)
Public safety	5,629,894	460,099	40,695	(5,129,100)
Public works	1,691,521	217,021	1,022,641	(451,859)
Parks and recreation	923,597	275,879	-	(647,718)
Public health	66,840	-	-	(66,840)
Interest and fiscal charges	357,780	-	-	(357,780)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 9,887,457</b>	<b>\$ 1,227,552</b>	<b>\$ 1,063,336</b>	<b>(7,596,569)</b>
Taxes:				
Sales				2,990,910
Utility				2,004,664
Property				3,354,776
Franchise				120,368
Other				937
Interest income				71,983
Other miscellaneous revenue				78,329
Transfer				493
<b>TOTAL GENERAL REVENUES</b>				<b>8,622,460</b>
<b>CHANGE IN NET POSITION</b>				<b>1,025,891</b>
<b>NET POSITION - BEGINNING OF YEAR</b>				<b>7,551,298</b>
<b>NET POSITION - END OF YEAR</b>				<b>\$ 8,577,189</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF OLIVETTE, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Dielman Neighborhood Improvement District Fund	Capital Improvement Fund	New Facility Fund	North Price Neighborhood Improvement District Fund	Other Non-major Funds	Total
<b>ASSETS AND OTHER DEBITS</b>							
Cash and investments	\$ 4,076,858	\$ 55,626	\$ 1,221,448	\$ -	\$ 74,841	\$ 2,275,485	\$ 7,704,258
Taxes receivable:							
Property	84,815	-	-	20,421	-	-	105,236
Other	493,652	750,881	84,704	-	-	149,653	1,478,890
Receivables:							
Accounts	16,960	-	-	-	-	-	16,960
Intergovernmental	-	-	-	-	-	282,579	282,579
Interest	-	-	-	18,474	-	-	18,474
Due from other funds	209,518	-	-	-	-	-	209,518
Inventory	10,140	-	-	-	-	-	10,140
Restricted cash and investments	-	-	12,959	8,482,124	-	-	8,495,083
<b>TOTAL ASSETS</b>	<u>\$ 4,891,943</u>	<u>\$ 806,507</u>	<u>\$ 1,319,111</u>	<u>\$ 8,521,019</u>	<u>\$ 74,841</u>	<u>\$ 2,707,717</u>	<u>\$ 18,321,138</u>
<b>LIABILITIES</b>							
Accounts and retainage payable	\$ 54,756	\$ -	\$ 20,096	\$ 312,335	\$ 351,245	\$ 369,099	\$ 1,107,531
Due to other funds	-	-	-	-	-	209,518	209,518
Accrued wages	255,962	-	12,987	-	-	17,279	286,228
Other liabilities	56,779	-	-	-	-	-	56,779
<b>TOTAL LIABILITIES</b>	<u>367,497</u>	<u>-</u>	<u>33,083</u>	<u>312,335</u>	<u>351,245</u>	<u>595,896</u>	<u>1,660,056</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue:							
Property taxes	84,815	-	-	20,421	-	-	105,236
Special assessments	-	750,881	-	-	-	-	750,881
<b>TOTAL DEFERRED INFLOWS     OF RESOURCES</b>	<u>84,815</u>	<u>750,881</u>	<u>-</u>	<u>20,421</u>	<u>-</u>	<u>-</u>	<u>856,117</u>
<b>FUND BALANCES:</b>							
Fund balances:							
Nonspendable	10,140	-	-	-	-	-	10,140
Restricted:							
Debt service	-	55,626	-	291,971	-	-	347,597
Capital improvements	-	-	1,286,028	7,896,292	-	-	9,182,320
Local parks and stormwater	-	-	-	-	-	1,104,760	1,104,760
Sewer lateral repairs	-	-	-	-	-	651,061	651,061
Pension	-	-	-	-	-	4,279	4,279
Fire operations	-	-	-	-	-	8,011	8,011
Assigned:							
Encumbrances	26,338	-	-	-	-	-	26,338
Equipment replacement	-	-	-	-	-	343,710	343,710
Unassigned	4,403,153	-	-	-	(276,404)	-	4,126,749
<b>TOTAL FUND BALANCES</b>	<u>4,439,631</u>	<u>55,626</u>	<u>1,286,028</u>	<u>8,188,263</u>	<u>(276,404)</u>	<u>2,111,821</u>	<u>15,804,965</u>
<b>TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 4,891,943</u>	<u>\$ 806,507</u>	<u>\$ 1,319,111</u>	<u>\$ 8,521,019</u>	<u>\$ 74,841</u>	<u>\$ 2,707,717</u>	<u>\$ 18,321,138</u>

The accompanying notes are an integral part of these financial statements.

***CITY OF OLIVETTE, MISSOURI***  
**RECONCILIATION OF THE STATEMENT OF NET POSITION**  
**OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET**  
**AS OF JUNE 30, 2016**

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

Total fund balance per balance sheet	\$ 15,804,965
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,710,698
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	856,117
Pension related items, net pension liability (\$6,221,305) and deferred outflows (\$2,386,903) are not due and payable in the current period, therefore are not reported in the funds.	(3,834,402)
Accrued interest is recorded in the statement of net position that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(113,655)
Long-term liabilities, including bonds payable, capital leases, OPEB obligation, accrued vacation and accrued sick leave are not due and payable in the current period and therefore, are not reported in the funds.	<u>(14,846,534)</u>
Net position of governmental activities	<u><u>\$ 8,577,189</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OLIVETTE, MISSOURI**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Dielman Neighborhood Improvement District Fund	Capital Improvement Fund	New Facility Fund	North Price Neighborhood Improvement District Fund	Other Non-major Funds	Total
<b>REVENUES</b>							
Taxes	\$ 5,399,337	\$ -	\$ 494,606	\$ 1,018,535	\$ -	\$ 1,562,337	\$ 8,474,815
Special assessments	-	53,835	-	-	-	-	53,835
Licenses and permits	424,024	-	-	-	-	-	424,024
Fines and court costs	302,970	-	-	-	-	-	302,970
Intergovernmental	326,572	-	247,250	-	-	489,514	1,063,336
Investment income	23,227	-	-	46,461	-	2,295	71,983
Charges for service	500,558	-	-	-	-	-	500,558
Miscellaneous	86,587	-	-	-	-	-	86,587
<b>TOTAL REVENUES</b>	<u>7,063,275</u>	<u>53,835</u>	<u>741,856</u>	<u>1,064,996</u>	<u>-</u>	<u>2,054,146</u>	<u>10,978,108</u>
<b>EXPENDITURES</b>							
Current:							
Administrative	982,563	-	-	11,578	-	563,453	1,557,594
Public safety	4,572,719	-	-	-	-	171,312	4,744,031
Public works	900,386	-	470,708	-	-	-	1,371,094
Parks and recreation	434,920	-	-	-	-	336,699	771,619
Public health	54,633	-	-	-	-	-	54,633
Capital outlay	88,718	-	306,346	3,557,116	1,116,083	698,899	5,767,162
Debt service:							
Principal, interest and fiscal charges	-	47,858	38,521	884,853	8,790	-	980,022
<b>TOTAL EXPENDITURES</b>	<u>7,033,939</u>	<u>47,858</u>	<u>815,575</u>	<u>4,453,547</u>	<u>1,124,873</u>	<u>1,770,363</u>	<u>15,246,155</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	29,336	5,977	(73,719)	(3,388,551)	(1,124,873)	283,783	(4,268,047)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from the issuance of debt	-	-	-	-	866,925	-	866,925
Assets purchased with capital lease	-	-	150,000	-	-	-	150,000
Transfers in (out)	74,309	-	(111,944)	-	-	38,128	493
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>74,309</u>	<u>-</u>	<u>38,056</u>	<u>-</u>	<u>866,925</u>	<u>38,128</u>	<u>1,017,418</u>
<b>NET CHANGE IN FUND BALANCE</b>	103,645	5,977	(35,663)	(3,388,551)	(257,948)	321,911	(3,250,629)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,335,986</u>	<u>49,649</u>	<u>1,321,691</u>	<u>11,576,814</u>	<u>(18,456)</u>	<u>1,789,910</u>	<u>19,055,594</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,439,631</u>	<u>\$ 55,626</u>	<u>\$ 1,286,028</u>	<u>\$ 8,188,263</u>	<u>\$ (276,404)</u>	<u>\$ 2,111,821</u>	<u>\$ 15,804,965</u>

The accompanying notes are an integral part of these financial statements.

***CITY OF OLIVETTE, MISSOURI***  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2016**

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

Change in fund balance-total governmental funds	\$ (3,250,629)
Revenues that do not provide current financial resources are not included in the fund financial statements.	(56,995)
The acquisition of capital assets requires the use of current financial resources but has no effect on net position.	5,488,249
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities.	(306,739)
The net effect of transactions involving capital asset disposals.	(8,258)
Interest is reported as an expenditure when due in the governmental funds but is accrued in the statement of activities.	3,721
Expenses not payable from current financial resources are not expenditures in the fund statements but are expenses on the statement of activities including net other post employment benefit obligation and accrued compensated absences.	(58,453)
The proceeds from the issuance of long-term debt is an other financing source in the fund financial statements, however it is a liability in the government-wide statements and has no affect on net position.	(1,016,925)
Pension expenditures are reported as a decrease in fund balance in the governmental funds. In the statement of activities pension expense is the current service cost of providing pension benefits to employees.	(386,601)
Payment of bond principal and capital lease payments are expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.	<u>618,521</u>
Change in net position of governmental activities	<u><u>\$ 1,025,891</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OLIVETTE, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2015 AND JUNE 30, 2016**

	December 31, 2015	June 30, 2016
	Pension Trust Fund	Agency Fund
<b>CURRENT ASSETS</b>		
Cash	\$ 2,286	\$ 295,294
Investments:		
Equity mutual funds	11,093,467	-
Fixed income funds	4,794,234	-
Annuity contracts	2,212,448	-
Preferred stock funds	491,214	-
<b>TOTAL ASSETS</b>	<b>18,593,649</b>	<b>\$ 295,294</b>
 <b>CURRENT LIABILITIES</b>		
Deposits held	-	295,294
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>\$ 295,294</b>
 <b>NET POSITION</b>		
Restricted for pension	<b>\$ 18,593,649</b>	

The accompanying notes are an integral part of these financial statements.

***CITY OF OLIVETTE, MISSOURI***  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	December 31, 2015
	Pension Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 235,000
Employee	168,437
Total Contributions	403,437
Investment earnings:	
Interest and dividends	112,779
Investment return	(27,598)
Total investment earnings	85,181
<b>TOTAL ADDITIONS</b>	<b>488,618</b>
<b>DEDUCTIONS</b>	
Distributions	1,507,762
Administrative expenses	1,700
<b>TOTAL DEDUCTIONS</b>	<b>1,509,462</b>
<b>CHANGE IN NET POSITION</b>	<b>(1,020,844)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>19,614,493</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 18,593,649</b>

The accompanying notes are an integral part of these financial statements.

***CITY OF OLIVETTE, MISSOURI***  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Olivette, Missouri (the City) was incorporated in 1930 under the provisions of the Missouri State Statutes. In 1976, the City voters approved a Home Rule Charter which established a council-manager form of government, governed by a policy making body of five council members, including the mayor. The City's major operations include fire and police protection, street maintenance and improvements, five parks, recreation programs, and general administrative services. The significant accounting policies applied by the City in the preparation of the accompanying financial statements are summarized below:

**A. REPORTING ENTITY**

The City applies the criteria set forth in GASB Statement No. 61, *The Financial Reporting Entity* (GASB 61), to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The City presently has no component units included within its reporting entity.

**B. BASIC FINANCIAL STATEMENTS**

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated.

*Government-Wide Financial Statements* - The reporting model includes financial statements prepared using full accrual accounting for all the City's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements. Government-wide financial statements include the following:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

B. **BASIC FINANCIAL STATEMENTS** - continued

*Statement of Net Position* -The statement of net position is designed to display the financial position of the Primary Government (governmental and business-type activities). The City reports capital assets in the government-wide statement of net position and reports depreciation expense in the statement of activities. The net position of the City is broken down into three categories 1) net investment in capital assets, 2) restricted; and 3) unrestricted.

*Statement Activities* - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital assets and certain other long-term assets and liabilities in the statement of net position and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of revenues, expenses and changes in net position. The City has elected to implement the requirements of GASB 34 related to infrastructure assets from January 1, 2004 forward.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, Dielman Neighborhood Improvement District Fund, Capital Improvement Fund, New Facility Fund and North Price Neighborhood Improvement District Fund. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City in general considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** - continued

For the governmental funds financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The City reports the following major governmental funds:

**General Fund** - The City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

**Dielman Neighborhood Improvement District Fund** - The fund is used to collect taxes used to pay the debt service on the Neighborhood Improvement District Bonds.

**Capital Improvement Fund** - The fund is used to account for taxes to be used for the construction, repair and maintenance of streets, roads, and bridges.

**New Facility Fund** - The fund is used to track proceeds from the Series 2014 General Obligation Bond issue and collect resources restricted for the repayment of the Series 2014 General Obligation Bonds.

**North Price Neighborhood Improvement District Fund** - The fund is used to collect taxes used to pay the debt service on the Neighborhood Improvement District Bonds.

The other governmental funds of the City are considered nonmajor. They are special revenue funds and capital projects funds, which account for specific revenue sources that are legally restricted to expenditures for specific a purpose.

Additionally, the City reports the following fund type:

**Fiduciary Funds** - The City uses these funds to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments. The Pension Trust Fund accounts for the assets of the City's retirement plan. Agency Funds are used to account for escrow deposit held by the City in an agency capacity.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

D. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, traffic lights, street lights, sewer lines and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Infrastructure assets with an initial cost of \$50,000 or more are also capitalized and depreciated. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized. As allowed by GASB 34, the government-wide financial statements do not reflect infrastructure assets completed prior to March 1, 2004.

Capital assets of the City are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	20 - 40 years
Infrastructure	25 years
Equipment	5 - 20 years
Vehicles	5 - 20 years

E. **ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could vary from the estimates that management uses.

F. **INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

G. **COMPENSATED ABSENCES**

Under terms of the City's personnel policy, employees are granted vacation time based on length of service. Vacation time accrued during one fiscal year may be carried over and used only in the subsequent fiscal year. Upon termination, the employee is paid for unused vacation or is required to repay the City for used and unearned vacation of the current year. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. Upon retirement and 20 years of service, an employee is eligible to receive payment for half of unused sick leave. The City has recognized a liability in the government-wide statements for accrued vacation and sick leave since current financial resources will not be used to relieve this liability. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirements and resignations prior to the fiscal year-end.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

H. **LONG-TERM LIABILITIES**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Bond issuance costs, including underwriters' discount, are expensed when incurred. Amortization of bond premiums or discounts are included in interest expense.

I. **INVENTORIES AND PREPAID ITEMS**

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of gasoline and diesel held for consumption. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. **NET POSITION AND FUND EQUITY**

In government-wide financial statements net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt.

Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments). All other net position is considered unrestricted. As of June 30, 2016, all restricted net position was restricted by enabling legislation. It is the City's policy to use restricted net position before unrestricted net position.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making (ordinance), and that remain binding unless removed in the same manner.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

J. **NET POSITION AND FUND EQUITY** - continued

**Assigned** - Resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or an official to which the City Council has delegated the authority to assign amounts for specific purposes. The City Council has currently not delegated this authority to anyone.

**Unassigned** - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The City would typically use restricted fund balances first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

K. **CASH**

The City pools the cash of all funds, except for funds held for court bonds, escrow deposits and any other deposits required to be held in a separate account. Interest income earned on pooled cash and investments is allocated to the various funds as required. Interest income on restricted cash and investments is credited directly to the related fund.

L. **INVESTMENTS**

The City's investments are carried at fair value. The City is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements and Certificates of Deposit.

The Pension Trust Fund is also authorized to invest in corporate stocks, common or preferred bonds and mortgages, real or personal property and other evidence of indebtedness or ownership, excluding any debt of the City itself and individual insurance policies.

M. **PENSION**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of The City of Olivette Salaried Employees Pension Plan (the Pension Plan) and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. **CASH AND TEMPORARY INVESTMENTS**

The City’s bank deposits are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City’s cash not insured by the Federal Deposit Insurance Corporation. As of June 30, 2016, the carrying amount of the City’s bank deposits totaled \$12,146,177 with bank balances of \$13,366,462, which includes cash reported in the Agency Fund. The balances were covered by federal depository insurance or collateralized by securities held by the pledging financial institution but not in the City’s name.

3. **PROPERTY TAX**

The City’s property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The adjusted assessed value at January 1, 2015, upon which the 2015 levy was based on real, personal and public utility property, was \$247,346,233.

The City’s tax rate was levied as follows:

	Real Estate		Personal
	Residential	Commercial	Property
General Fund	\$ .623	\$ .754	\$ .771
Pension Fund	.227	.248	.250
Debt Service	.420	.420	.420
Road and Bridge	.105	.105	.105

4. **INVESTMENTS**

**General Government**

Statutes authorize the City to invest excess funds in the following: obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker’s Acceptance and Commercial Paper. The City’s investment policy does not include Banker’s Acceptance or Commercial Paper. Certificates of deposit are considered bank deposits and are reported in footnote 2.

The City’s Pension Trust Fund has an investment policy designed to provide benefits as anticipated through a carefully planned and executed investment program designed to achieve a reasonable long-term total return consistent with the level of risk assumed. To achieve this return, professional investment managers are employed by the Plan to monitor the Plan’s assets. The Plan invests in equities and bonds through use of mutual funds.

4. **INVESTMENTS** - continued

**General Government** - continued

Interest Rate Risk: It is the City's policy to structure its investment portfolios so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City also invests operating funds primarily in short-term securities. The investment policy limits maturities to 5 years and limits the weighted average maturity to 3 years. Information about the sensitivity of the fair values of the City's investment (including investments held by the bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Less than one year	1 - 2 years	2 - 5 years	S&P Credit Rating
Certificates of deposit	\$ 6,194,684	\$ 6,194,684	\$ -	\$ -	N/A
U.S. Treasuries Agency of U.S. Government	1,101,160	1,101,160	-	-	AA+
	2,948,696	2,948,696	-	-	AA+
Total	<u>\$ 10,244,540</u>	<u>\$ 10,244,540</u>	<u>\$ -</u>	<u>\$ -</u>	

Concentration of Credit Risk: It is the City's policy that investments shall be diversified to minimize the risk of loss resulting from over concentrations of assets in specific maturity, specific issuer or specific class of securities. The maximum invested by security type and issuer shall be:

U.S. Treasuries and securities having principal and/or interest guaranteed by the U.S. government	100%
Collateralized time and demand deposits	100
U.S. Government agencies and sponsored enterprises	60
Collateralized repurchase agreements	50
U.S. Government agency callable securities	30

At June 30, 2016, there are no investments in any one issuer (other than investments explicitly guaranteed by the U.S. Government and pooled investments) that represent 5% or more of the total City's governmental activities or Pension Trust Fund:

Custodial Credit Risk: For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In the case of deposits, the risk is that in the event of a bank failure, the City's deposits may not be returned to it. It is the City's policy to pre-qualify financial institutions, broker/dealers, intermediaries and advisors with which the City will do business. The City also diversifies its portfolio so that potential losses on individual securities would be minimized. All investments held for governmental activities are either insured by the FDIC or in investments guaranteed by the U.S Government.

4. **INVESTMENTS** - continued

**Fiduciary Fund-Pension Trust Fund**

The City’s investment policy for its City of Olivette Salaried Employees Pension Plan (the Pension Plan) is designed to conform to Missouri State Statutes and the investment goals of the City. The performance objective is to meet or exceed the Pension Plan’s actuarial return assumption of 7.25% on a fiscal-year basis over a rolling five-year period with a level of risk deemed appropriate by the Board of Trustee.

The Pension Trust Fund’s investments at December 31, 2015 is shown in the following table. The Pension Plan Fund reports its investments at fair value.

Investment Type	Fair Value	Less than one year	1 - 2 years	2 - 5 years	S&P Credit Rating
Equity mutual funds	\$ 11,093,467	\$ -	\$ -	\$ -	N/A
Preferred stock mutual fund	491,214	-	-	-	N/A
Fixed income funds	4,794,234	4,794,234	-	-	Not rated
Annuity contracts	2,212,448	-	-	-	N/A
Total	<u>\$ 18,591,363</u>	<u>\$ 4,794,234</u>	<u>\$ -</u>	<u>\$ -</u>	

**Interest Rate Risk for Pension Trust Fund:** The Investment Policy Statement governing the Pension Trust Fund does not address interest rate risk. The investing guidelines of the Pension Plan are based upon a long-term investment horizon that includes the requirement to have adequate liquid funds to meet benefit payments as they come due.

**Custodial Credit Risk for Investments for Pension Trust Fund:** For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Plan does not have an investment policy for custodial credit risk. Investments in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Credit Risk for Investments for Pension Trust Fund:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Plan does not have an investment policy for credit risk but relies on the prudent expert to make credit risk determinations.

**Concentration of Credit Risk for investments for Pension Trust Fund:** The Pension Plan investment policy limits investments in a single security to 5% of the portfolio’s overall assets. In addition, the Pension Plan may hold no more than 10% of total Pension Plan assets in a money market fund, cash vehicle or cash-equivalent vehicle. As of December 31, 2015, the Pension Plan did not hold more than 5% of total assets in a single security.

5. **FAIR VALUE MEASUREMENTS**

The City of Olivette, Missouri categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

U.S. Treasury Securities and U.S. Government Agency Securities are valued at quoted prices (Level 1).

Market Indexed Certificates of Deposits and Market Linked Certificates of deposits are valued based upon a matrix or model pricing method (Level 2).

Equity Mutual Funds are valued using the net asset value at the close of business each day multiplied the number of shares held by the City at the close of business. (Level 1).

Separate Accounts are valued at the net asset value at the close of business each day multiplied by the number of shares held by the City at the close of business. (Level 1).

6. **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Due to/from other funds at June 30, 2016 are as follows:

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund	\$ 209,518	\$ -
Nonmajor funds - Fire Operations Fund	-	209,518

The outstanding balances between funds results from the General Fund paying expenses charged to the Fire Operations Fund.

Interfund transfers for the period ending June 30, 2016 are as follows:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ 74,309	\$ -
Capital Improvement Fund	-	111,944
Nonmajor funds:		
Grants Fund	100,528	-
Local Parks/Storm Water Fund	-	34,400
Sewer Lateral Fund	-	28,000
Agency Fund	-	493

Transfers were made to the General Fund from the Sewer Lateral Fund and the Local Parks/Storm Water Fund to reimburse the General Fund for administrative functions including accounting, human resources and director level time. Transfers from the Performance Bond Agency Fund consist of the interest earnings on funds held. Finally, transfers were made to the Grants Fund from the General Fund and Capital Improvements Fund for matching provisions of grants awarded and expended.

6. **CAPITAL ASSETS**

Capital asset activity for the primary government for the year ended June 30, 2016 is as follows:

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>DELETIONS AND TRANSFERS</u>	<u>BALANCE, END OF YEAR</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,020,039	\$ -	\$ -	\$ 2,020,039
Construction in process	<u>1,497,260</u>	<u>5,520,554</u>	<u>-</u>	<u>6,747,814</u>
Total capital assets, not being depreciated	<u>3,517,299</u>	<u>5,250,554</u>	<u>-</u>	<u>8,767,853</u>
Capital assets, being depreciated:				
Buildings and improvements	1,068,429	-	-	1,068,429
Equipment	1,336,012	19,785	( 10,835)	1,344,962
Vehicles	1,608,373	217,910	( 41,129)	1,785,154
Infrastructure	<u>974,137</u>	<u>-</u>	<u>-</u>	<u>974,137</u>
Total capital assets, being depreciated	<u>4,986,951</u>	<u>237,695</u>	<u>(51,964)</u>	<u>5,172,682</u>
Less accumulated depreciation for:				
Buildings and improvements	( 769,412)	( 37,943)	-	( 807,355)
Equipment	(1,070,650)	( 48,643)	10,835	(1,108,458)
Vehicles	( 990,364)	(181,186)	32,871	(1,138,679)
Infrastructure	<u>( 136,378)</u>	<u>( 38,967)</u>	<u>-</u>	<u>( 175,345)</u>
Total accumulated depreciation	<u>(2,966,804)</u>	<u>(306,739)</u>	<u>43,706</u>	<u>(3,229,837)</u>
Total capital assets, being depreciated, net	<u>2,020,147</u>	<u>( 69,044)</u>	<u>( 8,258)</u>	<u>1,942,845</u>
Total governmental Activities	<u>\$ 5,537,446</u>	<u>\$ 5,181,510</u>	<u>\$ ( 8,258)</u>	<u>\$ 10,710,698</u>

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental activities:

Administrative	\$ 4,508
Public safety	145,001
Public works	93,250
Parks and recreation	<u>63,980</u>
Total depreciation expense-governmental activities	<u>\$ 306,739</u>



7. **LONG-TERM DEBT** - continued

**North Price Road Improvement Project Temporary Financing Loan (Special Assessment)**

In January 2015, the City secured temporary financing up to \$1,000,000 for improvements to North Price Road. The temporary loan matures January 1, 2017, at which point the City is expected to secure long-term financing. Debt service payments will be paid from the North Price Neighborhood Improvement District Fund. The property owners will not be assessed for the improvements until the project is completed and the bonds are issued. The temporary notes bear interest of 3.6%. At June 30, 2016, the balance is as follows:

North Price Road Loan \$ 959,038

All outstanding principal will be repaid within one year.

**Neighborhood Improvement District Limited General Obligation Bonds (Special Assessment)**

In October 2012, the City Council authorized the issuance of \$730,000 in Neighborhood Improvement District Limited General Obligation Bonds. The bonds are to be repaid through special assessment revenues collected from the residents within the City’s Neighborhood Improvement District. Debt service payments have historically been paid from the Dielman Neighborhood Improvement District Fund. The bonds bear interest at rates ranging from 0.75% to 2.40% and mature on March 1, 2032. At June 30, 2016, the balance is as follows:

Limited General Obligation Bonds -  
Dielman Industrial Park NID - 2012 \$ 635,000

The annual debt service requirements to maturity on the limited general obligation bonds are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 35,000	\$ 12,330	\$ 47,330
2018	35,000	11,944	46,944
2019	35,000	11,560	46,560
2020	35,000	11,176	46,176
2021	35,000	10,597	45,597
2022	40,000	10,020	50,020
2023	40,000	9,360	49,360
2024	40,000	8,560	48,560
2025	40,000	7,760	47,760
2026	40,000	6,960	46,960
2027	40,000	6,080	46,080
2028	40,000	5,200	45,200
2029	45,000	4,320	49,320
2030	45,000	3,240	48,240
2031	45,000	2,160	47,160
2032	45,000	1,080	46,080
<b>TOTAL</b>	<b>\$ <u>635,000</u></b>	<b>\$ <u>122,347</u></b>	<b>\$ <u>757,347</u></b>

7. **LONG-TERM DEBT** - continued

In September 2015, the City purchased vehicles and equipment through a State and Municipal Lease/Purchase Agreement. The cost of the items purchased totaled \$137,041. Accumulated depreciation totaled \$27,408 as of June 30, 2016. Debt service payments have historically been paid from the Capital Improvement Fund. The City will make annual payments of \$38,521 from the Capital Improvement Fund through September 30, 2018. At June 30, 2016, the balance is as follows:

Lease Purchase \$ 111,479

The annual debt service requirements to maturity on the State and Municipal Lease/Purchase Agreement are as follows:

	<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u>
2017	\$ 36,491	\$	2,030	\$	38,521
2018	37,156		1,365		38,521
2019	<u>37,832</u>		<u>689</u>		<u>38,521</u>
TOTAL	<u>\$ 111,479</u>	\$	<u>4,084</u>	\$	<u>115,563</u>

A summary of changes in long-term liabilities is as follows:

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE, END OF YEAR</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental activities:					
Neighborhood Improvement					
District Limited General					
Obligation Bonds	\$ 670,000	\$ -	\$ ( 35,000)	\$ 635,000	\$ 35,000
General Obligation					
Bonds – Series 2014	12,860,000	-	( 545,000)	12,315,000	555,000
North Price Road					
Improvement Loan	92,113	866,925	-	959,038	959,038
Capital leases	-	150,000	( 38,521)	111,479	36,491
Net OPEB obligation	187,091	29,506	-	216,597	-
Accrued sick leave	256,399	81,761	-	338,160	73,427
Accrued comp time	40,062	-	( 1,311)	38,751	38,751
Accrued vacation	<u>284,012</u>	<u>232,509</u>	<u>( 284,012)</u>	<u>232,509</u>	<u>232,509</u>
Subtotal Governmental					
Activities	<u>\$ 14,389,677</u>	<u>\$ 1,128,192</u>	<u>\$ ( 671,335)</u>	<u>\$ 14,846,534</u>	<u>\$ 1,930,216</u>

Liabilities for accrued compensated absences, pension contribution and other post-employment benefits have historically been liquidated by the General Fund.

8. **RISK MANAGEMENT**

The City is exposed to various risks of loss related to tort; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City, along with various other local municipal governments, participates in insurance trusts for workers' compensation, property and casualty and health insurance (St. Louis Area Insurance Trust - SLAIT). The purpose of the trust is to distribute the cost of self-insurance over similar entities. The trust requires an annual premium payment to cover estimated claims payable and reserves for claims for each entity. The members of the trust have no legal interest in the assets, liabilities or fund balances of the insurance trust. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the trusts should the trusts cease operations at some future date. The City's premiums payments to the trust were \$1,012,608 for the fiscal year ending June 30, 2016.

The City also purchases commercial insurance to cover risks related to travel, public official liability, earthquakes and employees blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

9. **DEFICIT FUND BALANCE**

The North Price NID Fund had deficit fund balances of \$276,404 at June 30, 2016. In the North Price NID Fund, the deficit is the result of expenditures exceeding draws on the temporary financing loan.

10. **COMMITMENTS**

Beginning in July 2006, the City entered into a participation agreement with other municipalities for centralized dispatching services from East Central Dispatch Center. The contract is renewed annually. Payments are estimated to be \$175,000 for fiscal year-ending June 30, 2017.

The City has contracted with a vendor to provide trash service to City residents through June 30, 2017. Fee increases are tied to the Consumer Price index with a cap of 2% and a floor of 1%. There is no minimum billing requirement outlined in the agreement.

In November 2013, the City signed an agreement with a company to provide telephone and internet services for three years through November 2016. The City pays a minimum monthly fee of \$1,924.

11. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures exceeded appropriations in the following functional expenditure categories:

	Expenditures	Appropriations	Expenditures Over Appropriations
Pension Fund	\$ 562,086	\$ 548,000	\$ 14,086
New Facility Fund	4,453,547	2,012,000	2,441,547
North Price Neighborhood Improvement District Fund	1,124,873	943,000	181,873

## 12. DEFINED BENEFIT PENSION PLAN

### Plan Description

The City of Olivette Salaried Employees Pension Plan (the Pension Plan) is a single-employer defined benefit pension plan controlled by the provisions of Ordinance #686 adopted October 14, 1964. The plan is governed by the City of Olivette which is responsible for the management of plan assets. The City of Olivette has hired Principal Financial Advisors, Inc. and BMO Harris Financial Advisors to manage plan assets. The City has retained Marquette and Associates to recommend an investment strategy for the plan assets. The Plan provides for retirement benefits, early and deferred retirement, termination and death benefits to members and beneficiaries. The Pension Plan does not issue a separate standalone financial statement.

Employees become eligible to participate in the plan after completion of six months of full-time employment. Employees attaining the latter of age 58 or completion of five years of service are entitled to annual benefits of their highest average monthly compensation for the five consecutive years out of the ten last compensating years prior to retirement date. All benefits vest after five years of credited service. At full retirement employees receive 2.0% of average monthly compensation times credited service. The Plan permits early retirement at the completion of five years of credited service and attainment of age 50. The employee receives a benefit reduced by 6.67% for each year up to five that the early retirement date precedes normal retirement date.

### Plan Investments

The investment objective is to provide retirement benefits to participants of the Pension Plan and to their beneficiaries. The investment policy is intended to be in accordance with fiduciary requirements under Missouri law. The performance objective of the Pension Plan is to meet or exceed the actuarial return assumption of 7.25% on a fiscal-year basis over a rolling five-year period with a level of risk deemed appropriate by the Board of Trustees.

The investment policy requires the Pension Plan to maintain an asset allocation as deemed appropriate by the Trustees, upon the advice of the investment consultant. The Trustees have adopted the following asset allocation:

	<u>Minimum</u>		<u>Target</u>		<u>Maximum</u>	
Fixed income	20	%	30	%	50	%
U.S. Equity						
Large-Cap	10		20		30	
Mid-Cap	5		10		15	
Small-Cap	5		10		15	
Non-U.S. Equity	10		20		30	
Real Estate	5		10		15	
Alternative	0		0		10	
Cash or cash equivalents	0		0		30	

12. **DEFINED BENEFIT PENSION PLAN** - continued

As of January 1, 2016, (the end of the most recent plan year), the pension plan's membership consists of:

Active employees	48
Retirees and beneficiaries currently received benefits	56
Terminated employees entitled to benefits, but not yet receiving them	<u>24</u>
TOTAL	<u>128</u>

**Funding Policies**

Active members were required to contribute 5% of wages to the Plan. Any remaining obligation with respect to the Pension Plan shall be paid by the City. Contributions recognized in the actuarial valuation for the Plan year ended January 1, 2016 were \$403,598, which consisted of \$235,000 from the City and \$168,598 from employees. The actuarially required contribution was \$601,508. Actual contributions for the Plan year represented 7.2% of covered payroll.

The City has levied taxes on real estate and personal property to fund its pension plan. The 2015 tax levy per \$100 of assessed value for the pension is as follows:

Residential real estate	\$ .227
Commercial real estate	.248
Personal property	.250

**Net Pension Liability**

The City's net pension liability was measured as of January 1, 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality Rate:	
Pre-retirement	RP2014 Healthy Employee set back 4 years for females
Post-retirement	RP2014 Healthy Annuitant set back 4 years for females
Investment Rate of Return	7.25%
Projected Salary Increases	4.0% (includes 1.0% merit component)
Inflation	2.75%

Effective with the January 1, 2016 valuation the mortality rate was changed to RP2014 Healthy Employee for males set back 4 years for females from the RP2000 set back 4 years for females for pre-retirement lives. The mortality rate was changed to the RP2014 Healthy Annuitant for males set back 4 years for females for post-retirement lives. In addition, projected salary increases were reduced from 4.5% to 4.0% and the merit component was reduced from 1.75% to 1.0%.

12. **DEFINED BENEFIT PENSION PLAN** - continued

The following are Cost-of-Living Adjustments:

Retirement Date	Maximum Annual	Maximum Lifetime
Prior to May 25, 1999	4 %	50 %
May 26, 1999 to September 12, 2000	3	35
September 13, 2000 to January 1, 2005	2	20
January 2, 2005 to January 1, 2010	2	25
January 2, 2010 to present	-	-

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

Asset Class	Assumed Allocation	Assumed Geometric Real Return
Domestic Equity	47 %	6.0 %
International Equity	5	6.0
Fixed Income	33	1.5
Real Estate	8	4.5
Cash Equivalents	7	0.0
Total	100 %	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that the City's contributions will increase 2.75% per year from the 2015 estimated level. The employee population is assumed to remain level. The discount rate calculation is based on a municipal bond rate of 2.7%, which is derived from the 20 year average yield to maturity of AA rated bonds as of January 2016, as determined by Morgan Stanley. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

12. **DEFINED BENEFIT PENSION PLAN** - continued

**Changes in Net Pension Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2014	\$ <u>23,229,769</u>	\$ <u>19,614,493</u>	\$ <u>3,615,276</u>
Changes for the year:			
Service cost	241,498	-	241,498
Interest	1,629,502	-	1,629,502
Changes in assumptions	1,041,477	-	1,041,477
Differences between expected and actual experience	180,470	-	180,470
Contributions - employer	-	235,000	(235,000)
Contributions - employee	-	168,437	(168,437)
Net investment income	-	85,181	(85,181)
Benefit payments including refunds of employee contributions	(1,507,762)	(1,507,762)	-
Administrative expense	-	(1,700)	1,700
Net Changes	<u>1,585,185</u>	<u>(1,020,844)</u>	<u>2,606,029</u>
Balances as of December 31, 2015	\$ <u><u>24,814,954</u></u>	\$ <u><u>18,593,649</u></u>	\$ <u><u>6,221,305</u></u>

**Sensitivity Of The Net Pension Liability**

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ <u>9,082,765</u>	\$ <u>6,221,305</u>	\$ <u>3,812,851</u>

**Pension Expense And Deferred Outflows of Resources and Deferred Inflows Of Resources Related to the Pension**

For the year-ended June 30, 2016, the city recognized pension expense of \$906,600. At June 30, 2015, the City reported deferred outflow of resources and deferred inflows of resources related to the Pension Plan from the following:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 111,182	\$ -
Changes in assumptions	771,661	-
City contributions subsequent to the measurement date	520,000	-
Net differences between projected and actual earnings on pension plan investments	984,060	-
Total	<u>\$ 2,386,903</u>	<u>\$ -</u>

12. **DEFINED BENEFIT PENSION PLAN** - continued

The June 30, 2015 balance of \$520,000, reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	550,482
2018		550,482
2019		507,265
2020		258,678

13. **OTHER POST EMPLOYMENT BENEFITS**

**Plan Description and Provisions** - The City of Olivette is a single-employer other post employment plan that provides its retirees with access to healthcare (medical and dental). The retiree must pay the full premium of such coverage, but the employer is responsible for any implicit subsidy arising from actual claims being higher than premium amounts. The Plan does not issue a separate stand-alone financial report. Benefits under the Plan are established by ordinance and may be changed by the passage of an ordinance. The City funds these benefits on a pay as you go basis.

At July 1, 2016, the date of the last actuarial valuation, the Plan covered the following number of participants for medical coverage:

Active participants	63
Retirees and beneficiaries currently receiving benefits	<u>3</u>
Total Plan Participants	<u><u>66</u></u>

Valuations are performed using the Projected Unit Credit (PUC) Funding Method. Under the PUC Funding Method the Normal Cost is based exclusively on plan liabilities. The PUC Funding Method allocates the projected benefit of each participant over the participant's period of service. The valuation assumes 7% inflation on health insurance premiums rate in 2016 graded down 1% each year until an ultimate rate of 4.5% is reached in eight years and uses the RP2014 Healthy Employee Table for males, set back 4 years for females for pre-retirement and the RP2014 Healthy Annuitant Table for males, set back 4 years for females for post-retirement life expectancies.

**Net OPEB Obligation**

The City's annual OPEB cost of the current plan year is as follows:

Annual required contribution (actuarially computed)	\$ 44,310
Interest on net OPEB obligation	5,613
Adjustment to annual required contribution	<u>(12,573)</u>
Annual OPEB cost	37,350
Contributions made	<u>(7,844)</u>
Increase in net OPEB obligation	29,506
Net OPEB obligation - beginning of year	<u>187,091</u>
Net OPEB obligation - end of year	<u>\$ 216,597</u>

13. **OTHER POST EMPLOYMENT BENEFITS** - continued

**Trend Information - Other Post Employment Benefits**

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage Contribution		Net OPEB Obligation
2016	\$ 37,350	21.0	%	\$ 216,597
2015	51,746	41.2		187,091
2014	74,403	63.1		156,704

**Funded Status and Funding Progress** - As of July 1, 2016, the most recent actuarial valuation available, the plan was not funded. The actuarial accrued liability for benefits was \$321,679, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$321,679. The covered payroll (annual payroll of active employees covered by the plan) was \$4,156,881, and the ratio of the UAAL to the covered payroll was 7.7%.

The schedule of funding progress is presented as RSI following the notes to the financial statements.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectation and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

14. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 1, 2016, the date the financial statements were available to be issued.

15. **NEW ACCOUNTING PRONOUNCEMENTS**

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB Statement No. 77, Tax Abatement Disclosures, GASB Statement No. 78, Pensions Provided through Certain Multiple Employer Defined Benefit Pensions plans and GASB Statement No. 79, Certain External Investment Pools and Pool Participants. The City will adopt and implement these statements at the required time.

***CITY OF OLIVETTE, MISSOURI***  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS AS OF DECEMBER 31**

	2015	2014
<u>Total Pension Liability</u>		
Service cost	\$ 241,498	\$ 209,105
Interest	1,629,502	1,642,454
Changes in benefit terms	-	-
Difference between expected and actual experience	180,470	(509,225)
Changes in assumptions	1,041,477	-
Benefit payments, including refunds	(1,507,762)	(1,534,178)
Net change in total pension liability	1,585,185	(191,844)
Total pension liability - beginning of year	23,229,769	23,421,613
Total pension liability - end of year	\$ 24,814,954	\$ 23,229,769
<u>Plan Fiduciary Net Position</u>		
Contributions - employer	\$ 235,000	\$ 1,001,748
Contributions - employee	168,437	151,888
Net investment income	85,181	1,428,273
Benefit payments, including refunds	(1,507,762)	(1,534,178)
Administrative expenses	(1,700)	(2,040)
Net change in plan fiduciary net position	(1,020,844)	1,045,691
Plan fiduciary net position - beginning of year	19,614,493	18,568,802
Plan fiduciary net position - end of year	\$ 18,593,649	\$ 19,614,493
Net pension liability - end of year	\$ 6,221,305	\$ 3,615,276
Plan fiduciary net position as a percentage of total pension liability	74.9%	84.4%
Covered employee payroll	\$ 3,256,893	\$ 2,874,888
Net pension liability as a percentage of covered payroll	191.0%	125.8%

Note: The above information is not available for years prior to the implementation of GASB 67.

**CITY OF OLIVETTE, MISSOURI**

REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTION AND  
 SCHEDULE OF ANNUAL DOLLAR-WEIGHTED RATE OF RETURN

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTION

<u>Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Employer Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions As A Percentage Of Covered Employee Payroll</u>
2006	\$ 343,514	\$ 479,730	\$ (136,216)	\$ 2,708,300	17.71 %
2007	113,708	248,086	(134,378)	2,890,508	8.58
2008	118,505	496,280	(377,775)	2,928,155	16.95
2009	1,283,973	452,710	831,263	2,847,284	15.90
2010	990,350	678,723	311,627	2,741,672	24.76
2011	869,154	550,099	319,055	2,655,603	20.71
2012	954,121	529,586	424,535	2,553,305	20.74
2013	862,559	462,479	400,080	2,780,303	16.63
2014	635,670	540,000	95,670	2,874,888	18.78
2015	601,508	235,000	366,508	3,256,893	7.22

SCHEDULE OF ANNUAL DOLLAR-WEIGHTED RATE OF RETURN

The following is the annual dollar-weighted rate of return net of expenses:

<u>Year Ended December 31,</u>	
2006	11.86 %
2007	9.48
2008	(34.23)
2009	11.50
2010	14.51
2011	1.29
2012	13.60
2013	16.42
2014	7.71
2015	0.45

**CITY OF OLIVETTE, MISSOURI**  
 REQUIRED SUPPLEMENTAL INFORMATION - CONTINUED  
 SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTION AND  
 SCHEDULE OF ANNUAL DOLLAR-WEIGHTED RATE OF RETURN

**Notes to Schedule**

Valuation Date: January 1, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Entry age normal cost , 20 year open
Asset valuation method	Market value
Inflation	2.75%
Salary increases	4.0%, which includes 1.0% merit component
Investment return	7.25%
Retirement age	58 years of age and 5 years of credited service
Mortality	Pre-Retirement RP2014 Health Employee Table, set back 4 years for females
	Post-Retirement RP2014 Healthily Annuitant Table, set back 4 years for females

Cost of living provisions

Retirements prior to May 25, 1999	Annual max 4%; Lifetime max 50%
Retirements between May 26, 1999 and September 12, 2000	Annual max 3%; Lifetime max 35%
Retirements between September 12, 2000 and January 1, 2005	Annual max 2%; Lifetime max 20%
Retirements between January 1, 2005 and January 1, 2010	Annual max 2%; Lifetime max 25%
Retirements after January 1, 2010	No cost of living provision

**CITY OF OLIVETTE, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POST EMPLOYMENT BENEFITS**  
**SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Annual</u> <u>Contribution</u>	<u>Percentage</u> <u>Funded</u>
2014	\$ 74,403	\$ 47,000	63.2 %
2015	53,620	21,359	39.8
2016	44,310	7,844	17.7

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value</u> <u>of Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>Unfunded</u> <u>(AAL)</u> <u>(UAAL)</u> <u>(2)-(1)</u>	<u>Funded</u> <u>Ratio</u> <u>(1)/(2)</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered</u> <u>Payroll</u> <u>(2)-(1)/5</u>
7/1/2012	\$ -	\$ 715,939	\$ 715,939	0.0 %	\$ 2,655,603	27.0 %
7/1/2014	-	421,500	421,500	0.0	2,780,303	15.2
7/1/2016	-	321,679	321,679	0.0	4,156,881	7.7

The historical trend information about the Plan is presented to help the user assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other entities.

**CITY OF OLIVETTE, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 5,483,000	\$ 5,483,000	\$ 5,399,337	\$ (83,663)
Licenses and permits	412,115	412,115	424,024	11,909
Fines and court costs	312,500	312,500	302,970	(9,530)
Intergovernmental	320,400	320,400	326,572	6,172
Investment income	6,500	6,500	23,227	16,727
Charges for service	612,850	612,850	500,558	(112,292)
Miscellaneous	58,000	58,000	86,587	28,587
<b>TOTAL REVENUES</b>	<u>7,205,365</u>	<u>7,205,365</u>	<u>7,063,275</u>	<u>(142,090)</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	1,053,853	1,053,853	976,901	76,952
Public safety	4,715,802	4,715,802	4,572,719	143,083
Public works	889,208	889,208	882,886	6,322
Parks and recreation	538,767	530,917	434,920	95,997
Public health	57,985	57,985	54,633	3,352
Capital outlay	13,150	101,000	88,718	12,282
<b>TOTAL EXPENDITURES</b>	<u>7,268,765</u>	<u>7,348,765</u>	<u>7,010,777</u>	<u>337,988</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(63,400)	(143,400)	52,498	195,898
<b>OTHER FINANCING SOURCES</b>				
Transfer in (out)	63,400	143,400	74,309	(69,091)
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>126,807</u>	<u>\$ 126,807</u>
<b>FUND BALANCES -</b>				
<b>BEGINNING OF YEAR</b>	<u>4,335,986</u>	<u>4,335,986</u>	<u>4,286,486</u>	
<b>FUND BALANCES -</b>				
<b>END OF YEAR</b>	<u>\$ 4,335,986</u>	<u>\$ 4,335,986</u>	4,413,293	

Explanation of difference between budgetary and GAAP fund balances:

Encumbrances for equipment and supplies ordered but not received are not reported for GAAP purposes until received.	<u>26,338</u>
GAAP fund balance end of year	<u>\$ 4,439,631</u>

***CITY OF OLIVETTE, MISSOURI***  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

**1. BUDGETARY INFORMATION**

On or before April 1, the City Manager submits to the City Council a proposed operating budget for the City for the fiscal year commencing on the following July 1. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by ordinance after public hearings are held to obtain taxpayer comments. Primary budgetary control is at the fund level. Any transfers of budgeted amounts from one department to another require approval of the City Council. The City's budgets are prepared on the modified accrual basis of accounting.

Unencumbered appropriations lapse at year-end.

**CITY OF OLIVETTE, MISSOURI**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	Special Revenue Funds					Capital Projects Fund	
	Grants Fund	Fire Operations Fund	Local Parks/ Storm Water Fund	Sewer Lateral Fund	Pension Fund	Equipment Replacement Fund	Total
<b>ASSETS AND OTHER DEBITS</b>							
Cash and investments	\$ 70,645	\$ 174,317	\$ 1,027,973	\$ 654,561	\$ 4,279	\$ 343,710	\$ 2,275,485
Other taxes receivable	-	49,884	99,769	-	-	-	149,653
Intergovernmental receivable	282,579	-	-	-	-	-	282,579
<b>TOTAL ASSETS</b>	<b>\$ 353,224</b>	<b>\$ 224,201</b>	<b>\$ 1,127,742</b>	<b>\$ 654,561</b>	<b>\$ 4,279</b>	<b>\$ 343,710</b>	<b>\$ 2,707,717</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 353,224	\$ -	\$ 12,375	\$ 3,500	\$ -	\$ -	\$ 369,099
Due to other funds	-	209,518	-	-	-	-	209,518
Accrued wages payable	-	6,672	10,607	-	-	-	17,279
<b>TOTAL LIABILITIES</b>	<b>\$ 353,224</b>	<b>\$ 216,190</b>	<b>\$ 22,982</b>	<b>\$ 3,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 595,896</b>
<b>FUND BALANCES:</b>							
Fund balances:							
Restricted:							
Local parks/storm water projects	-	-	1,104,760	-	-	-	1,104,760
Sewer lateral repairs	-	-	-	651,061	-	-	651,061
Pension	-	-	-	-	4,279	-	4,279
Fire operations	-	8,011	-	-	-	-	8,011
Assigned:							
Equipment replacement	-	-	-	-	-	343,710	343,710
<b>TOTAL FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 8,011</b>	<b>\$ 1,104,760</b>	<b>\$ 651,061</b>	<b>\$ 4,279</b>	<b>\$ 343,710</b>	<b>\$ 2,111,821</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 353,224</b>	<b>\$ 224,201</b>	<b>\$ 1,127,742</b>	<b>\$ 654,561</b>	<b>\$ 4,279</b>	<b>\$ 343,710</b>	<b>\$ 2,707,717</b>

**CITY OF OLIVETTE, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds						Capital Projects Fund	
	Grants Fund	Fire Operations Fund	Local Parks/Storm Water Fund	Sewer Lateral Fund	Pension Fund	Equipment Replacement Fund	Total	
<b>REVENUES</b>								
Taxes	\$ -	\$ 290,939	\$ 581,879	\$ 136,600	\$ 552,919	\$ -	\$ -	\$ 1,562,337
Intergovernmental	489,514	-	-	-	-	-	-	489,514
Investment income	-	-	-	2,295	-	-	-	2,295
<b>TOTAL REVENUES</b>	<b>489,514</b>	<b>290,939</b>	<b>581,879</b>	<b>138,895</b>	<b>552,919</b>	<b>-</b>	<b>-</b>	<b>2,054,146</b>
<b>EXPENDITURES</b>								
Current:								
Administrative	-	-	-	1,367	562,086	-	-	563,453
Public safety	27,850	143,462	-	-	-	-	-	171,312
Parks and recreation	-	-	336,699	-	-	-	-	336,699
Capital outlay	562,192	-	75,288	61,419	-	-	-	698,899
<b>TOTAL EXPENDITURES</b>	<b>590,042</b>	<b>143,462</b>	<b>411,987</b>	<b>62,786</b>	<b>562,086</b>	<b>-</b>	<b>-</b>	<b>1,770,363</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(100,528)</b>	<b>147,477</b>	<b>169,892</b>	<b>76,109</b>	<b>(9,167)</b>	<b>-</b>	<b>-</b>	<b>283,783</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfer out	100,528	-	(34,400)	(28,000)	-	-	-	38,128
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>147,477</b>	<b>135,492</b>	<b>48,109</b>	<b>(9,167)</b>	<b>-</b>	<b>-</b>	<b>321,911</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>-</b>	<b>(139,466)</b>	<b>969,268</b>	<b>602,952</b>	<b>13,446</b>	<b>343,710</b>	<b>-</b>	<b>1,789,910</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 8,011</b>	<b>\$ 1,104,760</b>	<b>\$ 651,061</b>	<b>\$ 4,279</b>	<b>\$ 343,710</b>	<b>\$ -</b>	<b>\$ 2,111,821</b>

**CITY OF OLIVETTE, MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**DIELMAN NEIGHBORHOOD IMPROVEMENT DISTRICT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>BUDGET ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Special assessments	\$ 45,000	\$ 45,000	\$ 53,835	\$ 8,835
EXPENDITURES				
Debt Service	47,857	47,857	47,857	\$ -
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,857)	(2,857)	5,977	<u>\$ 8,834</u>
FUND BALANCES - BEGINNING OF YEAR	<u>49,649</u>	<u>49,649</u>	<u>49,649</u>	
FUND BALANCES - END OF YEAR	<u>\$ 46,792</u>	<u>\$ 46,792</u>	<u>\$ 55,626</u>	

**CITY OF OLIVETTE, MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>BUDGET ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 475,000	\$ 475,000	\$ 494,606	\$ 19,606
Intergovernmental	250,000	250,000	247,250	(2,750)
<b>TOTAL REVENUES</b>	<u>725,000</u>	<u>725,000</u>	<u>741,856</u>	<u>16,856</u>
<b>EXPENDITURES</b>				
Current:				
Public works	571,464	571,464	470,708	100,756
Capital outlay	290,025	290,025	306,346	(16,321)
Debt Service	43,511	43,511	38,521	4,990
<b>TOTAL EXPENDITURES</b>	<u>905,000</u>	<u>905,000</u>	<u>815,575</u>	<u>89,425</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(180,000)	(180,000)	(73,719)	(106,281)
<b>OTHER FINANCING SOURCES</b>				
Assets purchased with capital lease	150,000	150,000	150,000	-
Transfer in (out)	-	(30,000)	(111,944)	81,944
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>150,000</u>	<u>120,000</u>	<u>38,056</u>	<u>81,944</u>
<b>NET CHANGE IN FUND BALANCE</b>	(30,000)	(60,000)	(35,663)	<u>\$ 24,337</u>
<b>FUND BALANCES -</b>				
<b>BEGINNING OF YEAR</b>	<u>1,321,691</u>	<u>1,321,691</u>	<u>1,258,686</u>	
<b>FUND BALANCES -</b>				
<b>END OF YEAR</b>	<u>\$ 4,335,986</u>	<u>\$ 4,335,986</u>	1,223,023	

Explanation of difference between budgetary and GAAP fund balances:

Encumbrances for equipment and supplies ordered but not received are not reported for GAAP purposes until received.

63,005

GAAP fund balance end of year

\$ 1,286,028

**CITY OF OLIVETTE, MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NEW FACILITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>BUDGET ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes	\$ 941,000	\$ 941,000	\$ 1,018,535	\$ 77,535
Investment income	51,000	51,000	46,461	(4,539)
TOTAL REVENUES	<u>992,000</u>	<u>992,000</u>	<u>1,064,996</u>	<u>72,996</u>
EXPENDITURES				
Current:				
Administrative	-	-	11,578	(11,578)
Capital outlay	1,012,000	1,012,000	3,557,116	(2,545,116)
Debt Service	1,000,000	1,000,000	884,853	115,147
TOTAL EXPENDITURES	<u>2,012,000</u>	<u>2,012,000</u>	<u>4,453,547</u>	<u>(2,441,547)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,020,000)	(1,020,000)	(3,388,551)	<u>\$ (2,368,551)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>11,576,814</u>	<u>11,576,814</u>	<u>11,576,814</u>	
FUND BALANCES - END OF YEAR	<u>\$ 10,556,814</u>	<u>\$ 10,556,814</u>	<u>\$ 8,188,263</u>	

**CITY OF OLIVETTE, MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NORTH PRICE NEIGHBORHOOD IMPROVEMENT DISTRICT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>BUDGET ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital outlay	943,000	943,000	1,116,083	(173,083)
Debt Service	-	-	8,790	(8,790)
TOTAL EXPENDITURES	<u>943,000</u>	<u>943,000</u>	<u>1,124,873</u>	<u>(181,873)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(943,000)	(943,000)	(1,124,873)	(181,873)
OTHER FINANCING SOURCES				
Transfer in (out)	<u>1,943,000</u>	<u>1,943,000</u>	<u>866,925</u>	<u>(1,076,075)</u>
NET CHANGE IN FUND BALANCE	1,000,000	1,000,000	(257,948)	<u>\$ (1,257,948)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>(18,456)</u>	<u>(18,456)</u>	<u>(18,456)</u>	
FUND BALANCES - END OF YEAR	<u>\$ 981,544</u>	<u>\$ 981,544</u>	<u>\$ (276,404)</u>	

**CITY OF OLIVETTE, MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GRANTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>BUDGET ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 2,130,000	\$ 2,130,000	\$ 489,514	\$ (1,640,486)
EXPENDITURES				
Current:				
Public safety	25,000	25,000	27,850	(2,850)
Capital outlay	2,105,000	2,105,000	562,192	1,542,808
TOTAL EXPENDITURES	<u>2,130,000</u>	<u>2,130,000</u>	<u>590,042</u>	<u>1,539,958</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(100,528)	(100,528)
OTHER FINANCING SOURCES				
Transfer in (out)	<u>-</u>	<u>-</u>	<u>100,528</u>	<u>100,528</u>
NET CHANGE IN FUND BALANCE	-	-	-	<u>\$ -</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**CITY OF OLIVETTE, MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE OPERATIONS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>BUDGET ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes	<u>\$ 280,000</u>	<u>\$ 280,000</u>	<u>\$ 290,939</u>	<u>\$ 10,939</u>
EXPENDITURES				
Current:				
Public safety	<u>224,591</u>	<u>224,591</u>	<u>143,462</u>	<u>81,129</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	55,409	55,409	147,477	<u><u>\$ 92,068</u></u>
FUND BALANCES - BEGINNING OF YEAR	<u>(139,466)</u>	<u>(139,466)</u>	<u>(139,466)</u>	
FUND BALANCES - END OF YEAR	<u><u>\$ (84,057)</u></u>	<u><u>\$ (84,057)</u></u>	<u><u>\$ 8,011</u></u>	

**CITY OF OLIVETTE, MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**LOCAL PARKS/STORM WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	BUDGET ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 562,000	\$ 562,000	\$ 581,879	\$ 19,879
EXPENDITURES				
Current:				
Public works	80,000	80,000	-	80,000
Parks and recreation	392,405	392,405	336,699	55,706
Capital outlay	64,225	64,225	75,288	(11,063)
TOTAL EXPENDITURES	536,630	536,630	411,987	124,643
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,370	25,370	169,892	144,522
OTHER FINANCING SOURCES				
Transfer in (out)	(34,400)	(74,900)	(34,400)	40,500
NET CHANGE IN FUND BALANCE	(9,030)	(49,530)	135,492	\$ 185,022
FUND BALANCES - BEGINNING OF YEAR	969,265	969,265	969,265	
FUND BALANCES - END OF YEAR	\$ 960,235	\$ 919,735	1,076,507	

Explanation of difference between budgetary and GAAP fund balances:

Encumbrances for equipment and supplies ordered but not received are not reported for GAAP purposes until received.	28,250
GAAP fund balance end of year	\$ 1,104,757

**CITY OF OLIVETTE, MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**SEWER LATERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>BUDGET ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 135,000	\$ 135,000	\$ 136,600	\$ 1,600
Investment income	720	720	2,295	1,575
<b>TOTAL REVENUES</b>	<u>135,720</u>	<u>135,720</u>	<u>138,895</u>	<u>3,175</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	1,336	1,336	1,367	(31)
Capital outlay	75,000	75,000	61,419	13,581
<b>TOTAL EXPENDITURES</b>	<u>76,336</u>	<u>76,336</u>	<u>62,786</u>	<u>13,550</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	59,384	59,384	76,109	16,725
<b>OTHER FINANCING SOURCES</b>				
Transfer in (out)	<u>(28,000)</u>	<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	31,384	31,384	48,109	<u>\$ 16,725</u>
<b>FUND BALANCES -</b>				
BEGINNING OF YEAR	<u>602,952</u>	<u>602,952</u>	<u>602,952</u>	
<b>FUND BALANCES -</b>				
END OF YEAR	<u>\$ 634,336</u>	<u>\$ 634,336</u>	<u>\$ 651,061</u>	

**CITY OF OLIVETTE, MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**PENSION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	BUDGET ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 558,000	\$ 558,000	\$ 552,919	\$ (5,081)
EXPENDITURES				
Current:				
Administrative	548,000	548,000	562,086	(14,086)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,000	10,000	(9,167)	\$ (19,167)
FUND BALANCES - BEGINNING OF YEAR	13,446	13,446	13,446	
FUND BALANCES - END OF YEAR	\$ 23,446	\$ 23,446	\$ 4,279	

***CITY OF OLIVETTE, MISSOURI***  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>ASSETS</b>				
Cash	<u>\$ 242,949</u>	<u>\$ 574,935</u>	<u>\$ 279,551</u>	<u>\$ 295,294</u>
 <b>LIABILITIES</b>				
Deposits held	<u>\$ 242,949</u>	<u>\$ 574,935</u>	<u>\$ 279,551</u>	<u>\$ 295,294</u>

## APPENDIX B

### SUMMARY OF THE BOND ORDINANCE

*In addition to the information under the caption “THE BONDS” the following is a brief summary of the Bond Ordinance 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 Bond Ordinance, copies of which are on file with the City.*

#### Definitions

“**Act**” means Article III, Section 38(c) of the Constitution of Missouri, and Sections 67.453 to 67.475, inclusive, of the Revised Statutes of Missouri, as amended, named the “Neighborhood Improvement District Act.”

“**Bond Counsel**” means Gilmore & Bell, P.C., or other attorneys or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“**Bond Ordinance**” means the ordinance authorizing the issuance of the Bonds adopted by the City on June 27, 2017, as from time to time amended in accordance with its terms.

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

“**Bond Register**” means the books for the registration, transfer and exchange of Bonds kept by the Paying Agent.

“**Bondowner**,” “**Owner**” or “**Registered Owner**” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

“**Bonds**” means the Neighborhood Improvement District Limited General Obligation Bonds (North Price Road Neighborhood Improvement District), Series 2017, authorized and issued by the City pursuant to the Bond Ordinance.

“**Business Day**” means a day other than a Saturday, Sunday or holiday on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“**City**” means the City of Olivette, Missouri, a constitutional charter city and political subdivision of the State of Missouri.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

“**Defaulted Interest**” means interest on any Bond which is payable but not paid on any Interest Payment Date.

“**Defeasance Obligations**” means United States Government Obligations that are not subject to redemption in advance of their maturity dates.

**“Federal Tax Certificate”** means the City’s Federal Tax Certificate relating to the Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

**“Interest Payment Date”** means the Stated Maturity of an installment of interest on any Bond.

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

**“Outstanding”** means, when used with reference to Bonds, as of any particular date of determination, all Bonds theretofore authenticated and delivered under the Bond Ordinance, except the following Bonds:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of the Bond Ordinance; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Bond Ordinance.

**“Paying Agent”** means UMB Bank, N.A., St. Louis, Missouri, and any successors or assigns.

**“Permitted Investments”** means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts under the Bond Ordinance:

- (a) United States Government Obligations;
- (b) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, 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 United States Government Obligations 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; and
- (c) 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 of Missouri.

**“Person”** means any natural person, corporation, partnership, limited liability company, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

**“Prior Notes”** means the City’s Municipal Temporary Notes (North Price Road Improvement Project), Series 2015, issued in the original principal amount of not to exceed \$1,000,000.

**“Project”** means the neighborhood improvement district project described in the preamble to the Bond Ordinance.

**“Record Date”** for the interest payable on any Interest Payment Date means the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

**“Redemption Date”** when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Ordinance.

**“Redemption Price”** when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of the Bond Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

**“Refunding Bond Law”** means Article VI, Section 28 of the Constitution of Missouri, and Section 108.140 of the RSMo, as amended.

**“Series 2017 Bond Fund”** means the fund by that name created by the Bond Ordinance.

**“Series 2017 Bond Reserve Fund”** means the fund by that name created by the Bond Ordinance.

**“Series 2017 Bond Reserve Requirement”** means the amount of \$\_\_\_\_\_.

**“Series 2017 Project Fund”** means the fund by that name created by the Bond Ordinance.

**“Special Record Date”** means the date fixed by the Paying Agent pursuant to the Bond Ordinance for the payment of Defaulted Interest.

**“Stated Maturity”** when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Bond Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

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

### **Designation of Paying Agent**

UMB Bank, N.A., St. Louis, Missouri, is designated as the City’s paying agent for the payment of principal of and interest on the Bonds and as bond registrar with respect to the registration, transfer and exchange of Bonds (the “Paying Agent”).

The City will at all times maintain a Paying Agent meeting the qualifications described below for the performance of the duties under the Bond Ordinance. The City reserves the right to appoint a successor Paying Agent by (1) filing with the Paying Agent then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent and appointing a successor, and (2) causing notice of the appointment of the successor Paying Agent to be given by first-class mail to each Bondowner. The Paying Agent may resign upon giving written notice by first class mail to the City and the Bondowners not less than 60 days prior to the date such resignation is to take effect. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent.

Every Paying Agent appointed under the Bond Ordinance shall at all times be a commercial banking association or corporation or trust company located in the State of Missouri organized and in good standing and doing business under the laws of the United States of America or of the State of Missouri and subject to supervision or examination by federal or state regulatory authority.

### **Method and Place of Payment of Bonds**

The principal of or Redemption Price and interest on the Bonds shall be payable in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal of or Redemption Price of each Bond shall be paid at Maturity by check or draft to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at such payment office as designated by the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (i) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or such other address furnished to the Paying Agent in writing by such Registered Owner, or (ii) by electronic transfer to such Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name and address of the bank, the bank's ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed and an acknowledgment that an electronic transfer fee may be applicable.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Registered Owner of such Bond on the relevant Record Date and shall be payable to the Registered Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent unless the City and the Paying Agent agree to a shorter time period) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment, unless the City and the Paying Agent agree to a shorter time period. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Registered Owner of a Bond entitled to such notice at the address of such Registered Owner as it appears on the Bond Register on such Special Record Date.

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

The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent. Each Bond when issued shall be registered in the name of the owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in the Bond Ordinance. Upon surrender of any Bond at the principal payment office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Bond Ordinance. The City shall pay the fees and expenses of the Paying Agent for the registration, transfer and exchange of Bonds provided for by the Bond Ordinance and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Bonds. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Registered Owner under the Bond Ordinance or under the Bonds.

The City and the Paying Agent shall not be required (1) to register the transfer or exchange of any Bond after notice calling such bond or portion thereof for redemption has been mailed by the Paying Agent pursuant to the Bond Ordinance and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (2) to register the transfer or exchange any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to the Bond Ordinance.

The City and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Paying Agent, the Bond Register may be inspected and copied by the Registered Owners of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Registered Owners whose authority is evidenced to the satisfaction of the Paying Agent.

#### **Mutilated, Destroyed, Lost and Stolen Bonds**

If (1) any mutilated Bond is surrendered to the Paying Agent or the Paying Agent receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (2) there is delivered to the Paying Agent such security or indemnity as may be required by the Paying Agent, then, in the absence of notice to the City or the Paying Agent that such Bond has been acquired by a bona fide purchaser, the City shall execute and the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount. If any such mutilated,

destroyed, lost or stolen Bond has become or is about to become due and payable, the Paying Agent, in its discretion, may pay such Bond instead of delivering a new Bond.

Upon the issuance of any new Bond under the Bond Ordinance, the City or the Paying Agent may require the payment by the Registered Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith. Every new Bond issued pursuant to the Bond Ordinance shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of the Bond Ordinance equally and ratably with all other Outstanding Bonds.

### **Security for the Bonds**

The Bonds shall be general obligation bonds of the City payable as to both principal and interest from special assessments that are levied and assessed upon real property benefited by the Project and, if not so paid, from funds on deposit in the Series 2017 Bond Reserve Fund and from current income and revenue and surplus funds of the City. The full faith and credit of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided, however, the City may not impose any new or increased ad valorem property tax to pay principal of or interest on the Bonds without the voter approval required by the Constitution and laws of the State of Missouri.

### **Levy of Annual Assessments**

The unpaid assessments for the Project financed by the issuance of the Bonds, together with interest thereon and reasonable costs of collecting the special assessments, shall be levied and assessed upon the real properties benefited for the purpose of producing the amounts necessary for the payment of such principal and interest as the same becomes due and payable in each year, taking into account scheduled mandatory redemptions.

### **Collection of Annual Assessments**

The assessments referred to above shall be levied and collected at the same time and in the same manner as the ad valorem taxes of the City are levied and collected; provided, however, that if the Collector of Revenue of St. Louis County, Missouri, refuses to perform the function of collecting the assessments, the City shall perform all functions incident to the collection and enforcement of the assessments at the same time and in the same manner as the ad valorem taxes of the City are levied and collected. The proceeds derived from said assessments shall be deposited in the Series 2017 Bond Fund, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account scheduled mandatory redemptions, the fees and expenses of the Paying Agent, and reasonable costs of collecting the special assessments.

If at any time said assessments are not collected in time to pay the principal of or interest on the Bonds when due, the City's financial officer is authorized and directed to pay said principal or interest out of the income and revenues of the City for the current fiscal year available therefor or from surplus funds of the City and to reimburse the source of such funds for money so expended when said assessments are collected.

### **Establishment of Funds**

There have been or shall be established in the treasury of the City and shall be held and administered by the City's financial officer the following separate funds:

- (a) Series 2017 Bond Fund.
- (b) Series 2017 Bond Reserve Fund.
- (c) Series 2017 Project Fund.

**Application of Moneys in Series 2017 Bond Fund**

All amounts paid and credited to the Series 2017 Bond Fund shall be expended and used by the City for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due, the usual and customary fees and expenses of the Paying Agent, and reasonable costs of collecting the special assessments. The City’s financial officer is authorized and directed to withdraw from the Series 2017 Bond Fund sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Registered Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the City. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Ordinance and shall be held in trust by the Paying Agent for the benefit of the Registered Owners of the Bonds entitled to payment from such moneys.

**Application of Moneys in the Series 2017 Bond Reserve Fund**

Except as provided in the Bond Ordinance, moneys in the Series 2017 Bond Reserve Fund shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Bonds on any Bond Payment Date if the moneys in the Series 2017 Bond Fund are insufficient to pay the interest on or principal of said Bonds as they become due. So long as the Series 2017 Bond Reserve Fund aggregates the Series 2017 Bond Reserve Requirement, no payments into said Fund shall be required. However, if the City is ever required to expend and use a part of the moneys in said Fund for the purpose authorized in the Bond Ordinance and such expenditure shall reduce the amount of said Fund below the Series 2017 Bond Reserve Requirement, the City shall thereafter begin or resume and continue to deposit all assessments collected in excess of amounts required to be deposited into the Series 2017 Bond Fund into the Series 2017 Bond Reserve Fund until said Fund aggregates the Series 2017 Bond Reserve Requirement.

Moneys in the Series 2017 Bond Reserve Fund may be used to call the Bonds for redemption and payment prior to their Stated Maturity, provided all of the Bonds at the time Outstanding are called for payment and funds are available to pay the same according to their terms. Moneys in the Series 2017 Bond Reserve Fund shall be used to pay and retire the last Outstanding Bonds unless such Bonds and all interest thereon are otherwise paid. Any amounts in the Series 2017 Bond Reserve Fund in excess of the Series 2017 Bond Reserve Requirement shall be transferred to the Series 2017 Bond Fund.

**Application of Money in the Series 2017 Project Fund**

Money in the Series 2017 Project Fund shall be used by the District solely for the purpose of (i) reimbursing the City for a portion of the costs advanced to pay the costs of the Project, and (ii) paying the costs and expenses of issuing the Bonds.

Upon the issuance of the Bonds, the Director of Finance shall withdrawal the sum of \$\_\_\_\_\_ from the Series 2017 Project Fund without further authorization to reimburse the City for

a portion of the costs advanced to pay the costs of the Project. Thereafter, the Director of Finance shall withdrawal sums from the Series 2017 Project Fund from time to time upon satisfaction that such payment is being made for the costs and expenses of issuing the Bonds or a purpose within the scope of the Bond Ordinance and that the amount of such payment represents only the contract price of the materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof.

Any surplus funds remaining in the Series 2017 Project Fund on January 1, 2018 and not required for the payment of unpaid costs and expenses of issuing the Bonds shall be transferred to the Series 2017 Bond Fund for payment of principal and interest on the Bonds.

### **Deposits and Investment of Moneys**

Moneys in each of the funds created by and referred to in the Bond Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks or financial institutions holding such deposits as provided by the laws of the State of Missouri. All moneys held in the funds created by the Bond Ordinance shall be kept separate and apart from all other funds of the City so that there shall be no commingling of such funds with any other funds of the City.

Moneys held in any fund referred to in the Bond Ordinance may be invested in accordance with the Bond Ordinance and the Federal Tax Certificate in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any fund shall accrue to and become a part of such fund; provided, however, that any amounts in the Series 2017 Bond Reserve Fund in excess of the Series 2017 Bond Reserve Requirement shall be transferred to the Series 2017 Bond Fund. In determining the amount held in any fund or account under any of the provisions of the Bond Ordinance, obligations shall be valued at the lower of the cost or the market value thereof; provided that the Series 2017 Bond Reserve Fund will be valued at market value.

### **Payments Due on Saturdays, Sundays and Holidays**

In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

### **Nonpresentment of Bonds**

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Ordinance or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the City without liability for interest thereon the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so

repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

### **Remedies**

The provisions of the Bond Ordinance shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Ordinance or by the Constitution and laws of the State of Missouri;
- (b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds.

### **Limitation on Rights of Bondowners**

The covenants and agreements of the City contained in the Bond Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds. All of the Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds in the Bond Ordinance pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, or date of Maturity or right of prior redemption as provided in the Bond Ordinance. No one or more Bondowners secured by the Bond Ordinance shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Ordinance, or to enforce any right under the Bond Ordinance, except in the manner provided in the Bond Ordinance, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

### **Remedies Cumulative**

No remedy conferred in the Bond Ordinance upon the Bondowners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred in the Bond Ordinance. No waiver of any default or breach of duty or contract by the Registered Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Registered Owners of the Bonds by the Bond Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or has been determined adversely to such Bondowner, then, and in every such case, the City and the Registered Owners of the Bonds shall be restored to their former positions and rights under the Bond Ordinance, respectively, and all rights, remedies,

powers and duties of the Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

### **Defeasance**

When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Ordinance and the pledge of the City's faith and credit under the Bond Ordinance and all other rights granted by the Bond Ordinance shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Bonds and/or interest to accrue on such Bonds to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity, (1) the City shall have elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to redeem such Bonds in compliance with the Bond Ordinance.

Any moneys and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds or the interest payments thereon, shall be assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of such Bonds, and such moneys shall be irrevocably appropriated to the payment and discharge thereof. All moneys and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of the Bond Ordinance.

### **Annual Audit**

Annually, promptly after the end of the fiscal year, the City will cause an audit to be made of its funds and accounts for the preceding fiscal year by a certified public accountant or firm of certified public accountants. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Registered Owner. As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of the Bond Ordinance, the City shall promptly cure such deficiency.

### **Amendments**

Notwithstanding the City's obligations under the Continuing Disclosure Undertaking which may be modified as provided therein, the rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of the Bond Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (1) extend the maturity of any payment of principal or interest due upon any Bond;
- (2) effect a reduction in the amount which the City is required to pay as principal of or interest on any Bond;
- (3) permit preference or priority of any Bond over any other Bond; or
- (4) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

Any provision of the Bonds or of the Bond Ordinance may, however, be amended or modified by ordinance duly adopted by the City Council of the City at any time in any legal respect with the written consent of the Registered Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Bondowners, the City may amend or supplement the Bond Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Bondowners.

Every amendment or modification of the provisions of the Bonds or of the Bond Ordinance shall be expressed in an ordinance adopted by the governing body of the City amending or supplementing the provisions of the Bond Ordinance and shall be deemed to be a part of the Bond Ordinance. A certified copy of every such amendatory or supplemental ordinance, if any, and a certified copy of the Bond Ordinance shall always be kept on file in the office of the City Clerk, and shall be made available for inspection by the Registered Owner of any Bond or a prospective purchaser or owner of any Bond authorized by the Bond Ordinance, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental ordinance or of the Bond Ordinance will be sent by the City Clerk to any such Bondowner or prospective Bondowner.

Any and all modifications made in the manner provided in the Bond Ordinance shall not become effective until there has been filed with the City Clerk a copy of said ordinance of the City, duly certified, as well as proof of any required consent to such modification by the Registered Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

#### **Notices, Consents and Other Instruments by Bondowners**

Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds (except for the assignment of ownership of a Bond as provided for in the Bond Ordinance), if made in the following manner, shall be sufficient for any of the purposes of the Bond Ordinance, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

- (1) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(2) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Registered Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Bond Ordinance, Bonds registered in the name of the City shall be disregarded and deemed not to be Outstanding under the Bond Ordinance, except that, in determining whether the Bondowners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Bondowners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Bondowners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the City.

\* \* \*

## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

*General.* The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “Book-Entry System”) maintained by DTC.

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

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

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

3. Purchases of 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 (“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 interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 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.

5. 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.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds 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 Issuer or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

10. The Participants holding a majority position in the Bonds may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

**APPENDIX D**  
**FORM OF OPINION OF BOND COUNSEL**

*Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel, proposes to issue its approving opinion upon the issuance of the Bonds in substantially the following form:*

Mayor and City Council  
Olivette, Missouri

[\*Underwriter\*]  
\_\_\_\_\_, \_\_\_\_\_

Re:     \$ \_\_\_\_\_ City of Olivette, Missouri, Neighborhood Improvement District Limited General Obligation Bonds (North Price Road Neighborhood Improvement District), Series 2017

Ladies and Gentlemen:

We have acted as bond counsel to the City of Olivette, Missouri (the “City”), in connection with the issuance of the above-captioned bonds (the “Bonds”). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

The Bonds are being issued pursuant to an ordinance adopted by the City Council of the City on July 11, 2017 (the “Ordinance”). *Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Ordinance.*

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

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

1.       The Bonds have been duly authorized, executed and delivered by the City and are valid and legally binding general obligations of the City.

2.       The Bonds are payable as to both principal and interest from special assessments against real property benefitted by the construction of a certain neighborhood improvement district project, and, if not so paid, from funds on deposit in the Series 2017 Bond Reserve Fund and from current income and revenue and surplus funds of the City; provided, however, the City is not authorized to impose any new or increased ad valorem property tax to pay principal of or interest on the Bonds without the voter approval required by the Constitution and laws of the State of Missouri.

3.       The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State of Missouri, and (iii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain

corporations. The opinions set forth in this paragraph are subject to the condition that the City complies 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, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

We express no opinion regarding 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). Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,