

ORDINANCE #65878
Board Bill No. 68

An ordinance recommended by the Board of Estimate and Apportionment authorizing and directing the City of St. Louis, Missouri and St. Louis Municipal Finance Corporation to enter into a sale/leaseback, lease/leaseback or similar structured finance arrangement acceptable to the parties authorized hereby relating to the Convention Center Property; authorizing said Corporation, the Mayor, the Comptroller and any other appropriate City officials to execute and deliver documents and instruments related thereto; and authorizing and directing the taking of other actions and the approval and execution of other documents as necessary or desirable to carry out and comply with the intent hereof.

WHEREAS, St. Louis Municipal Finance Corporation holds title to the convention center (the “Cervantes Convention Center”) located at Washington Avenue, between 7th and 8th Streets located within the geographical boundaries of the City of St. Louis, Missouri (the “City”) and leases the Convention Center Property (hereinafter defined) to the City, pursuant to which lease the City has an option to purchase the Convention Center Property for a nominal sum upon defeasance or final retirement of the Convention Center Bonds (hereinafter defined);

WHEREAS, the City desires to capitalize a portion of the value of the Convention Center Property through a sale/leaseback, lease/leaseback or similar structured finance arrangement acceptable to the parties authorized hereby (the “Proposed Transaction”), in consideration of which the City shall receive a net present value economic benefit of the greater of \$10 million or 4% of the appraised fair market value of the Convention Center Property;

WHEREAS, the Board of Aldermen has determined that it is in the best interest of the City to direct the Corporation to enter into the Proposed Transaction relating to the Convention Center Property; and

WHEREAS, the Board of Aldermen recognizes that the transaction approved herein, is a complex transaction that requires a high level of expertise and experience in the negotiation and finalization of similar transactions; and

WHEREAS, it is necessary and desirable in connection with entering into the Proposed Transaction relating to the Convention Center Property for the Corporation and the City to execute and deliver certain documents and take certain other actions, as herein provided.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:

Section 1. Definitions. Capitalized terms not otherwise defined in this Ordinance shall have the meanings given such terms in the preambles hereto. In addition, as used in this Ordinance, the following words shall be defined as follows:

“City” means the City of St. Louis, Missouri.

“Convention Center Bonds” means any and all bonds secured by a deed of trust on or revenue from the Convention Center Property.

“Convention Center Property” means all buildings, structures, improvements and fixtures located on or to be purchased, constructed and otherwise improved on the site of Cervantes Convention Center.

“Corporation” means the St. Louis Municipal Finance Corporation.

“Lease Financial Advisor” means the team of firms called UBS PaineWebber/LIATI/DEXIA selected to provide leasing advisory services to the City of St. Louis and/or the St. Louis Municipal Finance Corporation who have experience in connection with a leveraged lease transaction in the United States dealing with a convention center asset utilizing a Pickle Lease and whose responsibility will include the structuring of the proposed transaction and the assembly of the equity investor(s) necessary to complete the leveraged lease transaction.

“Net proceeds of the transaction” means the net dollar amount available to the City of St. Louis upon completion of the transaction after payment of all costs and fees associated with the transaction, which amount shall be deposited into the City’s General Fund.

Section 2. Findings and Determinations. The findings, determinations, and declarations set forth in the preambles hereto

are incorporated herein by this reference. In addition, the Board of Aldermen hereby finds, determines, and declares that it is necessary and in the best interests of the City:

- (a) to authorize and direct the Corporation to enter into the Proposed Transaction with respect to the Convention Center Property under the terms and conditions approved herein;
- (b) to delegate to the Comptroller the power and authority to select the proposal for the Proposed Transaction which is determined to be in the best interest of the City, taking into consideration the proposed economics and other terms and conditions affecting the security of the Convention Center Bonds;
- (c) to pay reasonable fees and expenses incurred by the Corporation and the City in connection with the Proposed Transaction;
- (d) to authorize and direct, on behalf of the Corporation and the City, each officer of the Corporation and the Mayor and Comptroller, respectively, to execute and deliver any and all documents and writings and to take all such actions as each of them may deem necessary, desirable or appropriate to effectuate the Proposed Transaction contemplated hereby; and
- (e) to ratify and approve any and all actions heretofore taken by officers of the Corporation and officials of the City on behalf of the Corporation and the City, respectively, in furtherance of the Proposed Transaction authorized hereby.

Section 3. Authority and Direction to Enter Into the Proposed Transaction. The Board of Aldermen hereby authorizes and directs the officers of the Corporation on behalf of the Corporation and authorizes, delegates and directs the Mayor and the Comptroller on behalf of the City to enter into the Proposed Transaction with respect to the Convention Center Property that provides a present value net economic benefit to the City of the greater of \$10 million or 4% of the appraised fair market value of the Convention Center Property under such terms and conditions as will not create any liens senior to the Convention Center Bonds or, in the opinion of bond counsel, unduly jeopardize the tax-exempt status of the Convention Center Bonds. The net proceeds received by the City from the Proposed Transaction shall, after payment of the costs of the Proposed Transaction, be deposited in the City's General Fund. The Lease Financial Advisor fee will be an amount equal to 15% of the net proceeds of the transaction delivered to the City with a minimum fee of \$1.5 million payable solely from the proceeds of the transaction. All costs and fees associated with the Proposed Transaction shall be payable at closing solely from the proceeds of the Proposed Transaction and no such costs and fees shall be considered part of the net proceeds of the transaction; provided, however, that should the Proposed Transaction fail to close, any fees and costs due and payable other than the fees of legal and financial professionals shall be paid by the City of St. Louis and/or the St. Louis Municipal Finance Corporation. In addition, the Lease Financial Advisor, as part of its mandate for its minimum fee of \$1.5 million, will work on behalf of the City of St. Louis to negotiate the lowest possible fixed fees consistent with lease market practice for the City's counsel, the appraiser and other consultants (e.g., engineering, environmental, insurance). The leveraged lease advisory team will also negotiate with the lessor (investor) to establish caps on fees it pays to its counsel and advisors to maximize the net present value benefit to the City's general fund and the sharing of resultant cost savings with the City. The Comptroller shall ensure that all of the provisions contained in Section 3 of this ordinance shall be incorporated into any contracts executed by the City of St. Louis or the Corporation in connection with this transaction.

Section 4. Selection of Financial Advisor and Other Participants. The Comptroller is hereby authorized to select the financial advisor and such other advisors, counsel and participants to the Proposed Transaction per Ordinance 64102 as are desirable to further the purposes of this Ordinance.

Section 5. Authority and Direction to Execute and Deliver Corporation Documents. The Board of Aldermen hereby authorizes and directs the Corporation to approve the terms of and to execute and deliver such documents, certificates, undertakings, guarantees, indemnities, waivers and instruments as may be necessary or desirable to facilitate the Proposed Transaction, including lessee debt, loan assumption undertakings and related payments, indemnifications and any other debt or equity defeasance instruments, and to carry out and comply with the intent of this Ordinance in such forms as shall be approved by the City Counselor and by the appropriate officers of the Corporation executing such documents, such officers' signatures thereon being conclusive evidence of their approval thereof.

Section 6. Authorization and Direction to Execute and Deliver City Documents. The City is hereby authorized to enter into, and the Mayor, the Comptroller and such other officers of the City as are appropriate are hereby authorized and directed to execute, seal, attest and deliver, for and on behalf of and as the act and deed of the City, such documents, certificates, undertakings,

guarantees, indemnities, waivers and instruments as may be necessary or desirable to facilitate the Proposed Transaction, including lessee debt, loan assumption undertakings and related payments, indemnifications and any other debt or equity defeasance instruments, and to carry out and comply with the intent of this Ordinance in such forms as shall be approved by the City Counselor and by the appropriate officers of the City executing such documents, such officials' signatures thereon being conclusive evidence of their approval thereof.

Section 7. Ratification of Actions. The City hereby approves and ratifies any and all actions heretofore taken by officers of the Corporation and officials of the City in furtherance of the Proposed Transaction authorized hereby.

Section 8. Further Authority. The Mayor, the Comptroller and other appropriate officials, agents and employees of the City are hereby authorized to take such further actions and execute such other documents as may be necessary or desirable to carry out and comply with the intent of this Ordinance, and to carry out, comply with and perform the duties of the City with respect thereto. The officers, agents and employees of the Corporation are hereby authorized to take such further actions and execute such other documents as may be necessary or desirable to carry out and comply with the intent of this Ordinance, and to carry out, comply with and perform the duties of the Corporation with respect thereto.

Section 9. Severability. It is hereby declared to be the intention of the Board of Aldermen that each and every part, section and subsection of this Ordinance shall be separate and severable from each and every other part, section and subsection hereof (except to the extent otherwise provided herein) and that the Board of Aldermen intends to adopt each said part, section and subsection separately and independently of any other part, section and subsection (except to the extent otherwise provided herein). In the event that any part, section or subsection of this Ordinance shall be determined to be or to have been unlawful or unconstitutional, the remaining parts, sections and subsections shall be and remain in full force and effect consistent with such intention of the Board of Aldermen, unless the court making such finding shall determine that the valid portions standing alone are incomplete and are incapable of being executed in accord with the legislative intent.

Section 10. Conflict. All ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed.

Clerk, Board of Aldermen

President, Board of Aldermen

Approved: Date: _____

Mayor

Truly Engrossed and Enrolled

Approved: June 3, 2003