# TRANSCRIPT OF PROCEEDINGS

## AUTHORIZING THE ISSUANCE

OF

\$12,325,000

Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

Dated date of Bonds: April 1, 2008

Closing and Delivery Date: April 3, 2008

Approving Opinion Gilmore & Bell, P.C.

#### **CLOSING MEMORANDUM**

#### \$12,325,000

## Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

This Memorandum sets forth the actions to be taken in connection with the issuance, sale and delivery by the Missouri Development Finance Board of the above-described bonds (the "Bonds"). The documents and actions described herein and in the Closing List attached hereto are to be delivered and taken as a condition precedent to the issuance of the Bonds. Such delivery of documents and actions shall be deemed to have taken place simultaneously at the closing, and no delivery of documents, payments of moneys or other actions with respect to the foregoing transaction will be considered to have been completed until all such deliveries, payments or other actions have been made or taken.

The closing is scheduled for April 3, 2008, at 9:00 a.m., at the offices of Gilmore & Bell, P.C., Kansas City, Missouri. The items set forth on the Closing List will be examined, assembled and incorporated in the transcripts evidencing the authorization and issuance of the Bonds. Copies of the transcript will be prepared and distributed to the following:

- 1. Missouri Development Finance Board ("Board") (CD-Rom).
- 2. City of Independence, Missouri (the "City.") (3 CD-Roms and bound copy).
- 3. Commerce Bank, N.A. ("Trustee") (CD-Rom).
- 4. Allen Garner ("City Counselor") (CD-Rom).
- 5. Gilmore & Bell, P. C. ("Board's Counsel" and "Bond Counsel") (CD-Rom)
- 6. Piper Jaffray & Co. ("Underwriter") (CD-Rom).

#### **MISSOURI DEVELOPMENT FINANCE BOARD**

## \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

Closing: April 3, 2008

### **CLOSING LIST**

#### Document No.

#### 110.

#### **BASIC DOCUMENTS**

- 1. Bond Trust Indenture.
- 2. Financing Agreement.
- 3. Tax Compliance Agreement, IRS Form 8038-G and Calculation of Bond Yield.
- 4. Preliminary Official Statement and Certificates Deeming Preliminary Official Statement Final.
- 5. Official Statement.
- 6. Specimen Bond.
- 7. Bond Purchase Agreement.
- 8. Continuing Disclosure Agreement.
- 9. Cooperative Agreement.

### **DOCUMENTS DELIVERED BY THE BOARD**

- 10. Application submitted by the City to the Board.
- 11. Resolution of Intent.
- 12. Resolution of the Board authorizing issuance of the Bonds with Excerpt of Minutes of Meeting.
- 13. Board's Closing Certificate and Instructions to the Trustee.

# Document

## **DOCUMENTS DELIVERED BY THE CITY**

- 14. Excerpt of Minutes of Meeting of the governing body of the City on March 17, 2008, showing passage of Ordinance No. 16973 authorizing the issuance of the Bonds.
- 15. City's Closing Certificate, with authorizing Ordinance No. 16973 attached thereto.

## DOCUMENTS DELIVERED BY THE CID

16. CID's Closing Certificate, with Sales Tax Resolution and proceedings attached thereto.

## **DOCUMENT DELIVERED BY THE TRUSTEE**

17. Trustee's Closing Certificate.

## DOCUMENTS DELIVERED BY THE UNDERWRITER

18. Underwriter's Receipt for Bonds and Closing Certificate.

19. Settlement Procedures.

#### MISCELLANEOUS CLOSING DOCUMENTS

20. Uniform Commercial Code Financing Statements relating to the Bond Trust Indenture.

- 21. DTC Blanket Letter of Representations.
- 22. Standard & Poor's Rating Letter.

# LEGAL OPINIONS

- 23. Opinion of Bond Counsel.
- 24. Supplemental Opinion of Bond Counsel.
- 25. Disclosure Opinion of Bond Counsel.

# Document No.

- 26. Opinion of Board's Counsel.
- 27. Opinion of Counsel to the District.
- 28. Opinion of City Counselor.

# **TIF PROCEEDINGS**

# (Events Center Project)

- 29. Eastland, Hartman Heritage, Centerpoint and Trinity Tax Increment Financing Plans (on file with the City and Bond Counsel.)
- 30. Ordinance Nos. 16941, 16942, 16943 and 16946 passed on February 19, 2008, approving amendments to the Eastland, Hartman Heritage, Centerpoint and Trinity tax increment financing plans.

\* \* \* \*

**Execution Copy** 

# BOND TRUST INDENTURE

Dated as of April 1, 2008

Between

# MISSOURI DEVELOPMENT FINANCE BOARD

COMMERCE BANK, N.A. as Trustee

**Relating to:** 

\$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

## BOND TRUST INDENTURE

#### Page

| Parties          | . 1 |
|------------------|-----|
| Recitals         |     |
| Granting Clauses |     |

# ARTICLE I

# **DEFINITIONS AND RULES OF CONSTRUCTION**

| Section 101. | Definitions of Words and Terms | 2 |
|--------------|--------------------------------|---|
| Section 102. | Rules of Construction 1        | 1 |

## **ARTICLE II**

## THE BONDS

| Section 201. | Authorization of Bonds Generally            | 11 |
|--------------|---|----|
| Section 202. | Authorization of Series 2008D Bonds         |    |
| Section 203. | Authorization of Additional Bonds           |    |
| Section 204. | Method and Place of Payment                 |    |
| Section 205. | Form, Denomination, Numbering and Dating    |    |
| Section 206. | Execution and Authentication                |    |
| Section 207. | Registration, Transfer and Exchange         |    |
| Section 208. | Temporary Bonds                             |    |
| Section 209. | Mutilated, Destroyed, Lost and Stolen Bonds |    |
| Section 210. | Cancellation of Bonds                       |    |
| Section 211. | Book-Entry Bonds; Securities Depository     |    |

## ARTICLE III

## **REDEMPTION OF BONDS**

| Section 301. | Redemption of Bonds Generally                |  |
|--------------|--|--|
| Section 302. | Redemption of Series 2008D Bonds             |  |
| Section 303. | Election to Redeem; Notice to Trustee        |  |
| Section 304. | Selection by Trustee of Bonds to be Redeemed |  |
| Section 305. | Notice of Redemption                         |  |
| Section 306. | Deposit of Redemption Price                  |  |
| Section 307. | Bonds Payable on Redemption Date             |  |
| Section 308. | Bonds Redeemed in Part                       |  |
|              |  |  |

# **ARTICLE IV**

#### FUNDS AND ACCOUNTS AND APPLICATION OF BOND PROCEEDS

| Section 401. | Creation of Funds and Accounts | 26 |
|--------------|--------------------------------|----|
| Section 402. | Deposit of Bond Proceeds       | 27 |

| Section 403. | Project Fund   |  |
|--------------|--|--|
| Section 404. | Debt Service Fund                                      |  |
| Section 405. | Deposits into the Debt Service Reserve Fund            |  |
| Section 406. | Application of Moneys in the Debt Service Reserve Fund |  |
| Section 407. | Rebate Fund  |  |
| Section 408. | Payments Due on Saturdays, Sundays and Holidays        |  |
| Section 409. | Nonpresentment of Bonds                                |  |
| Section 410. | Records and Reports of Trustee                         |  |
|              |  |  |

# ARTICLE V

# SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

| Section 501. | Moneys to be Held in Trust | . 32 |
|--------------|----------------------------|------|
| Section 502. | Investment of Moneys       | . 32 |

# ARTICLE VI

## **GENERAL COVENANTS AND PROVISIONS**

| Section 601. | Board to Issue Bonds and Execute Indenture                   |  |
|--------------|--|--|
| Section 602. | Limited Obligations  |  |
| Section 603. | Payment of Bonds   |  |
| Section 604. | Performance of Covenants                                     |  |
| Section 605. | Inspection of Books  |  |
| Section 606. | Enforcement of Rights  |  |
| Section 607. | Amendments to the Financing Agreement                        |  |
| Section 608. | Tax Covenants  |  |
| Section 609. | Certain Information and Opinions to be Provided to the Board |  |
| Section 610. | Continuing Disclosure  |  |

# ARTICLE VII

# **DEFAULT AND REMEDIES**

| Events of Default                                  |   |
|--|---|
| Acceleration of Maturity; Rescission and Annulment |   |
| Exercise of Remedies by the Trustee                |   |
| Trustee May File Proofs of Claim                   |   |
| Limitation on Suits by Bondowners                  |   |
|  |   |
| Application of Moneys Collected                    |   |
|  |   |
|  |   |
| Waiver of Past Defaults                            |   |
|  | Acceleration of Maturity; Rescission and Annulment<br>Exercise of Remedies by the Trustee<br>Trustee May File Proofs of Claim<br>Limitation on Suits by Bondowners<br>Control of Proceedings by Bondowners<br>Application of Moneys Collected<br>Rights and Remedies Cumulative<br>Delay or Omission Not Waiver |

# ARTICLE VIII

# THE TRUSTEE

| Section 801. | Acceptance of Trusts; Certain Duties and Responsibilities | . 40 |
|--------------|---|------|
|--------------|---|------|

| Section 802. Certain Rights of Trustee                        |  |
|---|--|
| Section 803. Notice of Defaults                               |  |
| Section 804. Compensation and Reimbursement                   |  |
| Section 805. Corporate Trustee Required; Eligibility          |  |
| Section 806. Resignation and Removal of Trustee               |  |
| Section 807. Appointment of Successor Trustee                 |  |
| Section 808. Acceptance of Appointment by Successor           |  |
| Section 809. Merger, Consolidation and Succession to Business |  |
| Section 810. Co-Trustees and Separate Trustees                |  |
| Section 811. Designation of Paying Agents                     |  |
| Section 812. Advances by Trustee                              |  |

•

# ARTICLE IX

# SUPPLEMENTAL INDENTURES

| Section 901. | Supplemental Indentures without Consent of Bondowners | . 48 |
|--------------|---|------|
| Section 902. | Supplemental Indentures with Consent of Bondowners    | . 48 |
| Section 903. | Execution of Supplemental Indentures                  | . 49 |
| Section 904. | Effect of Supplemental Indentures                     | . 49 |
| Section 905. | Reference in Bonds to Supplemental Indentures         | . 49 |
| Section 906. | City Consent to Supplemental Indentures               | . 50 |

# ARTICLE X

# SATISFACTION AND DISCHARGE

| Section 1001. | Payment, Discharge and Defeasance of Bonds | 50 |
|---------------|--|----|
| Section 1002. | Satisfaction and Discharge of Indenture    | 51 |
| Section 1003. | Rights Retained After Discharge            | 51 |

# ARTICLE XI

# NOTICES, CONSENTS AND OTHER ACTS

| Section 1101. | Notices   | 52 |
|---------------|---|----|
|               | Acts of Bondowners                                  |    |
| Section 1103. | Form and Contents of Documents Delivered to Trustee | 53 |
| Section 1104. | Compliance Certificates and Opinions                | 54 |

# ARTICLE XII

# **MISCELLANEOUS PROVISIONS**

| 55 |
|----|
| 55 |
| 55 |
| 56 |
| 56 |
| 56 |
| 56 |
|    |

| Section 1208. | Governing Law                   | 56  |
|---------------|---------------------------------|-----|
|               | Electronic Storage of Documents |     |
|               | Signatures and Seals            | S-1 |
|               | Exhibit A - The Project         |     |

| Difficit    |   |
|-------------|---|
| Exhibit B - | Form of Bonds   |
| Exhibit C - | Form of Disbursement Request - Costs of Issuance Fund |
| Exhibit D - | Form of Disbursement Request – Project Fund           |
|             |   |

### **BOND TRUST INDENTURE**

THIS BOND TRUST INDENTURE (the "Indenture"), dated as of April 1, 2008, between the **MISSOURI DEVELOPMENT FINANCE BOARD**, a body politic and corporate and a public instrumentality duly organized and existing under the laws of the State of Missouri (the "Board"), and **COMMERCE BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, and having its principal corporate trust office located in the City of Kansas City, Missouri, as trustee (the "Trustee").

#### RECITALS

1. The Board is authorized and empowered under the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended ("Act"), to issue revenue bonds for the purpose of providing funds to finance and refinance the costs of certain "projects" as defined in the Act (which includes "infrastructure facilities" as defined in the Act) and to pay certain costs related to the issuance of such revenue bonds.

2. The City of Independence, Missouri (the "City") has requested that the Board assist in the financing of the Project described herein through the issuance under this Indenture of the Board's Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2008D, in the original principal amount of \$12,325,000 (the "Series 2008D Bonds"), the proceeds of which Bonds will be applied as described herein and in the Financing Agreement hereinafter described to provide funds to (a) finance the improvements described in **Exhibit A** hereto (the "Project"), (b) pay a portion of the interest on the Series 2008D Bonds, (c) provide for an initial deposit to the Debt Service Reserve Fund, and (d) pay certain costs related to the issuance of the Series 2008D Bonds, all as more fully described herein and in the Financing Agreement.

3. The governing body of the Board adopted and approved a Resolution on February 19, 2008, authorizing the Board to issue the Series 2008D Bonds pursuant to this Indenture for the above purposes.

4. Pursuant to such Resolution, the Board is authorized (i) to execute and deliver this Indenture for the purpose of issuing and securing the Series 2008D Bonds as hereinafter provided and (ii) to enter into a Financing Agreement dated as of April 1, 2008 (the "Financing Agreement"), between the Board and the City, under which the Board will loan the proceeds of the Series 2008D Bonds to the City in accordance with the provisions of the Financing Agreement to finance the Project, in consideration of payments to be made by the City to the Trustee which are, subject to annual appropriation as provided therein, to be sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2008D Bonds as the same become due.

5. This Indenture provides for the issuance of additional parity bonds from time to time (the "Additional Bonds," and together with the Series 2008D Bonds being herein collectively called the "Bonds") on the terms and conditions provided for herein.

6. All things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, legal and binding obligations of the Board, and to constitute this Indenture a valid, legal and binding pledge and assignment of the property, rights, interests and revenues made herein for the security of the payment of the Bonds, have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms of this Indenture, have in all respects been duly authorized.

#### **GRANTING CLAUSES**

To declare the terms and conditions upon which Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under this Indenture from time to time according to their tenor and effect and to secure the performance and observance by the Board of all the covenants, agreements and conditions contained in this Indenture and in the Bonds, and in consideration of the premises, the acceptance by the Trustee of the trusts created by this Indenture, the purchase and acceptance of the Bonds by the owners thereof, the Board hereby transfers in trust, pledges and assigns to the Trustee, and hereby grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to herein as the "Trust Estate"):

(a) All rights, title and interest of the Board (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (1) the Financing Agreement, including, without limitation, all Loan Payments and other payments to be received by the Board and paid by the City under and pursuant to and subject to the provisions of the Financing Agreement (except the Board's rights to payment of its fees and expenses and to indemnification as set forth in the Financing Agreement and as otherwise expressly set forth therein), and (2) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds; and

(b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of this Indenture; and

(c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under this Indenture by the Board or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in this Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Bond over or from the others, except as otherwise expressly provided herein.

**NOW, THEREFORE,** the Board covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective owners of the Bonds, that all Bonds are to be issued, authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, as follows:

## **ARTICLE I**

#### **DEFINITIONS AND RULES OF CONSTRUCTION**

Section 101. Definitions of Words and Terms. For all purposes of this Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in this Indenture shall have the following meanings:

"Act" means the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, et seq., as from time to time amended.

"Additional Bonds" means any additional parity Bonds issued by the Board pursuant to Section 203 of this Indenture that stand on a parity and equality under this Indenture with the Series 2008D Bonds.

"Additional Payments" means the Additional Payments described in Section 3.4 of the Financing Agreement.

"Authorizing Ordinance" means Ordinance No. 16973 of the City passed on March 17, 2008, 2008.

**"Board"** means the Missouri Development Finance Board created by the Act, and its successors and assigns or any body, agency or instrumentality of the State of Missouri succeeding to or charged with the powers, duties and functions of the Board.

**"Board Representative"** means the Chairman, Vice Chairman or Executive Director of the Board, and any other duly authorized officer of the Board whose authority to execute any particular instrument or take a particular action under this Indenture or the Financing Agreement shall be evidenced by a written certificate furnished to the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Board by its Chairman or Executive Director.

"Bond" or "Bonds" means the Series 2008D Bonds and any Additional Bonds issued pursuant to Section 203 of this Indenture.

"Bond Issuance Date" means April 3, 2008.

"Business Day" means a day on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

"Cede & Co." means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

"CID" means the Independence Events Center Community Improvement District, a political subdivision of the State.

"CID Act" means the Missouri Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended.

"CID EATS" means 50% of the revenues of the CID Sales Tax which are captured as Economic Activity Tax Revenues in the Redevelopment Areas.

"CID Sales Tax" means a sales tax levied by the CID in an amount not to exceed 1% under the provisions of the CID Act.

**"CID Sales Tax Revenues"** means of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the City for

administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue.

"City" means the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

"City Representative" means the City Manager, the Director of Finance or the City Attorney.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of April 1, 2008 executed by the City for the benefit of holders of the Bonds, as from time to time amended in accordance with the provisions thereof.

"Costs of Issuance" means issuance costs with respect to the Bonds, including but not limited to the following:

(a) underwriter's spread (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);

(b) counsel fees (including bond counsel, disclosure counsel, City's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);

(c) financial advisor fees of any financial advisor to the Board or the City incurred in connection with the issuance of the Bonds;

- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Bonds;

(g) printing costs (for the Bonds and of the preliminary and final Official Statement relating to the Bonds); and

(h) fees and expenses of the Board incurred in connection with the issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name created by Section 401 hereof.

"Costs of the Project" means costs permitted under the Act and the CID Act to be paid out of proceeds of Series 2008D Bonds with respect to the Project, including the total of all reasonable or necessary expenses incidental to the acquisition, construction, and equipping of the Project, all other necessary and incidental expenses, including interest during construction on Bonds issued to finance the Project to a date subsequent to the estimated date of completion thereof, and any other costs permitted by the Act and the CID Act.

"Debt Service Fund" means the fund by that name created by Section 401 of this Indenture.

"Debt Service Reserve Fund" means the fund by that name created by Section 401 of this Indenture.

"Debt Service Reserve Fund Requirement" means (i) with respect to the Series 2008D Bonds, an amount equal to \$883,475, (ii) with respect to Additional Bonds issued on a parity with the Series 2008D Bonds, a sum equal to the least of (A) 10% of the original aggregate principal amount of such Additional Bonds, (B) the maximum annual debt service on such Additional Bonds in any future fiscal year following such date, or (C) 125% of the average future annual debt service on such Additional Bonds, and (iii) with respect to any Additional Bonds that are entitled to the benefit of a reserve fund, the amount, if any, specified in the Supplemental Bond Indenture authorizing the issuance of said Additional Bonds.

"Default" means any event or condition which constitutes, or with the giving of any requisite notice or upon the passage of any requisite time period or upon the occurrence of both would constitute, an event of default.

#### "Defeasance Obligations" means:

or

(a) Government Obligations which are not subject to redemption prior to maturity;

(b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations).

"Economic Activity Tax Revenues" means fifty percent (50%) of the total additional revenue from sales taxes which are imposed by the City or other taxing districts, and which are generated by economic activities within the applicable Redevelopment Area over the amount of such taxes generated by economic activities within the applicable Redevelopment Area in the calendar year prior to the adoption of the first TIF Ordinance for the applicable Redevelopment Project, while tax increment financing remains in effect, but excluding (i) taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and (ii) personal property taxes, other than Payments in Lieu of Taxes, all as determined in accordance with the Act.

"Environmental Regulations" means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule defining and governing dangerous, toxic or hazardous pollutants, contaminants, chemicals, materials, or substances.

"Event of Default" means any event of default as defined in Section 701 hereof.

**"Event of Nonappropriation"** means failure of the City to budget and appropriate on or before the last day of any Fiscal Year, moneys sufficient to pay the Loan Payments and reasonably expected Additional Payments due and payable during the next Fiscal Year.

**"Financing Agreement"** means the Financing Agreement dated as of April 1, 2008 between the Board and the City as from time to time amended by Supplemental Financing Agreements in accordance with the provisions of the Financing Agreement.

"Fiscal Year" means the City's fiscal year, which is currently July 1 to June 30, or as it may be hereinafter defined by the City.

#### "Government Obligations" means the following:

(a) 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 by, the United States of America; and

(b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"Indenture" means this Bond Trust Indenture as originally executed by the Board and the Trustee, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of this Indenture.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

"Loan" means the loan of the proceeds of the Bonds made by the Board to the City pursuant to the Financing Agreement.

"Loan Payment Date" means on or before the Business Day preceding the date any payment is due on the Series 2008D Bonds.

"Loan Payments" means the payments of principal and interest on the Loan referred to in Section 3.2 of the Financing Agreement.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

"Net Proceeds," when used with respect to any damage, destruction, condemnation or loss of title, means the gross proceeds from any insurance relating to damage or destruction of any portion of the Project, or condemnation award with respect to condemned property remaining after the payment of all fees, costs and expenses (including attorneys' fees and any expenses of the Board or the Trustee) incurred in the collection of such gross proceeds.

"Officer's Certificate" means a written certificate in the form described in Section 1104 hereof of the City by the City Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the City with respect to matters set forth therein, and which certificate in each instance, including the scope, form, substance and other aspects thereof, is acceptable to the Trustee.

"Opinion of Bond Counsel" means a written opinion in the form described in Section 1104 hereof of any legal counsel acceptable to the Board and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

"Opinion of Counsel" means a written opinion in the form described in Section 1104 hereof of any legal counsel acceptable to the City and the Trustee and, to the extent the Board is asked to take action in reliance thereon, the Board, who may be an employee of or counsel to the Trustee or the City.

"Original Purchaser" means Piper Jaffray & Co.

"Outstanding" means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except:

(1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in **Section 210** of this Indenture;

(2) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in **Section 1001** of this Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture; and

(4) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in Section 209 of this Indenture.

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

"Paying Agent" means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to this Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

"Permitted Investments" means, if and to the extent the same are at the time legal for investment of funds held under this Indenture:

(1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below);

(2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of Treasury of the United States of America;

(3) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export Import Bank,
- Farm Credit System Financial Assistance Corporation,
- Rural Economic Community Development Administration (formerly the Farmers Home Administration),
- General Services Administration,
- U.S. Maritime Administration,

- Small Business Administration,
- Government National Mortgage Association (GNMA),
- U.S. Department of Housing & Urban Development (PHA's),
- Federal Housing Administration, and
- Federal Financing Bank;

(4) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's and "AAA" by Standard & Poor's issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
- Obligations of the Resolution Funding Corporation (REFCORP), and
- Senior debt obligations of the Federal Home Loan Bank System;

(5) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(6) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(7) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(8) "Pre-refunded Municipal Obligations," defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; provided, however, that Pre-refunded Municipal Obligations meeting the requirements of this subsection (B) may not be used as Permitted Investments without the prior written approval of Standard & Poor's. (9) general obligations of states with a rating of at least "A2/A" or higher by both Moody's and Standard & Poor's; and

(10) investment agreements (supported by appropriate opinions of counsel) with notice to Standard & Poor's.

The value ("Value"), which shall be determined as of the end of each month, of the above investments shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

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

"Prime Rate" means, for any date of determination, the interest rate per annum publicly announced from time to time by the Trustee as its "prime rate."

"Project" means the Project described on Exhibit A hereto, the costs of which will be paid in whole or in part, or for which the City will be reimbursed in whole or in part from the proceeds of the sale of the Bonds.

"Project Fund" means the fund by that name created by Section 401 hereof.

"Rebate Fund" means the fund by that name created by Section 401 hereof.

"Record Date" means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

"Redevelopment Area" means, as applicable, the Eastland Redevelopment Area, the Hartman Heritage Redevelopment Area, the Trinity Redevelopment Area and the Centerpoint Redevelopment Area, with the governing body of the City having adopted tax increment financing for each. "Redevelopment Project" means, as applicable, the improvements to be completed and funded as part of the Eastland Redevelopment Project, the Hartman Heritage Redevelopment Project, the Trinity Redevelopment Project and the Centerpoint Redevelopment Project.

"Special Allocation Funds" means the Eastland Special Allocation Fund, the Hartman Heritage Special Allocation Fund, the Trinity Special Allocation Fund and the Centerpoint Special Allocation Fund.

"Replacement Bonds" means Bonds issued to the beneficial owners of the Bonds in accordance with Section 211 hereof.

"Securities Depository" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"Series 2008D Bonds" means the Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2008D, aggregating the principal amount of \$12,325,000, issued pursuant to Section 202 of this Indenture.

"Standard & Poor's" means Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, Inc., New York, New York, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Board and the Trustee.

**"Supplemental Financing Agreement"** means any agreement supplemental or amendatory to the Financing Agreement entered into by the Board and the City pursuant to Article XII of the Financing Agreement.

"Supplemental Indenture" means any indenture supplemental or amendatory to this Indenture entered into by the Board and the Trustee pursuant to Article IX of this Indenture.

**"Tax Compliance Agreement"** means the Tax Compliance Agreement dated as of April 1, 2008 among the Board, the City and the Trustee.

**"Transaction Documents"** means this Indenture, the Bonds, the Financing Agreement, the Official Statement relating to the Bonds, the Continuing Disclosure Agreement, the Tax Compliance Agreement, the Authorizing Ordinance and any and all other documents or instruments that evidence or are a part of the transactions referred to in this Indenture, the Financing Agreement or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words "Transaction Documents" are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

"Trust Estate" means the Trust Estate described in the Granting Clauses of this Indenture.

"Trustee" means Commerce Bank, N.A., Kansas City, Missouri, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under this Indenture. "Unassigned Board's Rights" means the Board's rights to reimbursement and payment of its costs and expenses under Sections 3.4(d), 9.4 and 9.6 of the Financing Agreement, its rights of access under Section 6.1 of the Financing Agreement, its rights to exemption from liability under Sections 13.7 and 13.8 of the Financing Agreement, its rights to receive notices, reports and other statements and its rights to consent to certain matters.

Section 102. Rules of Construction. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Indenture:

(a) The terms defined in this Article include the plural as well as the singular.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(c) All references herein to "generally accepted accounting principles" refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.

(d) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as originally executed.

(e) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(f) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

(g) Whenever an item or items are listed after the word "including," such listing is not intended to be a listing that excludes items not listed.

#### **ARTICLE II**

#### THE BONDS

Section 201. Authorization of Bonds Generally. The Board may issue Bonds in series from time to time under this Indenture, but subject to the provisions of this Indenture and any Supplemental Indenture authorizing a series of Bonds. No Bonds may be issued under this Indenture except in accordance with the provisions of this Article. The total principal amount of Bonds, the number of Bonds and series of Bonds that may be issued under this Indenture is not limited, except with respect to the Series 2008D Bonds as provided in Section 202 hereof, and with respect to Additional Bonds as provided in Section 203 hereof and in the Supplemental Indenture providing for the issuance thereof, and except as may be limited by law. The several series of Bonds may differ as between series in any respect not in conflict with the provisions of this Indenture and as may be prescribed in the Supplemental Indenture authorizing such series. The general title of all series of Bonds authorized to be issued under this Indenture shall be "Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events

Center Project)," with such appropriate particular project and series designation added to or incorporated in such title for the Bonds of any particular series as the Board may determine.

Section 202. Authorization of Series 2008D Bonds. There shall be issued under and secured by this Indenture a series of Bonds in the aggregate principal amount of \$12,325,000 for the purpose of providing funds to make a loan to the City to (1) finance the Project, (2) provide for an initial deposit to the Debt Service Reserve Fund, (3) pay a portion of the interest on the Series 2008D Bonds, and (4) pay certain Costs of Issuance. The bonds shall be designated "Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2008D" in the principal amount of \$12,325,000. The Series 2008D Bonds shall be dated April 1, 2008, shall mature on April 1 and October 1 in the years and in the respective principal amounts (subject to prior redemption as provided in Article III hereof), and shall bear interest at the respective rates per annum, as follows:

#### Serial Bonds

| Due       | Principal<br><u>Amount</u> | Interest<br><u>Rate</u> |
|-----------|----------------------------|-------------------------|
| 10/1/2009 | \$30,000                   | 4.000%                  |
| 4/1/2010  | 100,000                    | 4.000                   |
| 10/1/2010 | 100,000                    | 4.000                   |
| 4/1/2011  | 100,000                    | 4.000                   |
| 10/1/2011 | 100,000                    | 4.000                   |
| 4/1/2012  | 100,000                    | 4.000                   |
| 10/1/2012 | 100,000                    | 4.000                   |
| 4/1/2013  | 125,000                    | 4.000                   |
| 10/1/2013 | 125,000                    | 4.000                   |
| 4/1/2014  | 125,000                    | 4.250                   |
| 10/1/2014 | 125,000                    | 4.250                   |
| 4/1/2015  | 125,000                    | 4.375                   |
| 10/1/2015 | 125,000                    | 4.375                   |
| 4/1/2016  | 125,000                    | 4.500                   |
| 10/1/2016 | 125,000                    | 4.500                   |

#### **Term Bonds**

\$1,020,000 Term Bonds due April 1, 2020, Interest Rate: 5.000% \$1,825,000 Term Bonds due April 1, 2025, Interest Rate: 5.375% \$1,845,000 Term Bonds due April 1, 2029, Interest Rate: 5.625% \$2,310,000 Term Bonds due April 1, 2033, Interest Rate: 5.750% \$3,695,000 Term Bonds due April 1, 2038, Interest Rate: 5.750%

The Series 2008D Bonds shall bear interest (computed on the basis of a **360**-day year of twelve **30**-day months) from their dated date or from the most recent interest payment date to which interest has been paid or duly provided for, payable on April 1 and October 1 of each year, beginning on October 1, 2008.

The Series 2008D Bonds shall be executed in the manner set forth herein and delivered to the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Series 2008D Bonds by the Trustee the following documents shall be filed with the Trustee:

(a) A copy, certified by the Secretary or Assistant Secretary of the Board, of the resolution adopted by the Board authorizing the issuance of the Series 2008D Bonds and the execution of this Indenture, the Financing Agreement and any other Transaction Documents to which it is a party.

(b) A copy, certified by the City Clerk of the City of the ordinances and resolutions adopted by the City authorizing the execution and delivery of the Financing Agreement and any other Transaction Documents to which it is a party.

(c) An original executed counterpart of this Indenture and the Financing Agreement.

(d) A request and authorization to the Trustee on behalf of the Board, executed by the Board Representative, to authenticate the Series 2008D Bonds and deliver said Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Board, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(e) An Opinion of Bond Counsel, dated the date of original issuance of the Series 2008D Bonds.

(f) Such other certificates, statements, opinions, receipts and documents required by any of the Transaction Documents or as the Trustee shall reasonably require for the delivery of the Series 2008D Bonds.

When the documents specified above have been filed with the Trustee, and when the Series 2008D Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Series 2008D Bonds to or upon the order of the Original Purchaser thereof, but only upon payment to the Trustee of the purchase price of the Series 2008D Bonds. The proceeds of the sale of the Series 2008D Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee, and the Trustee shall deposit and apply such proceeds as provided in Article IV hereof.

Section 203. Authorization of Additional Bonds. Additional Bonds may be issued under and equally and ratably secured by this Indenture on a parity (except as otherwise provided in this Section) with the Series 2008D Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in this Section and in Article VII of the Financing Agreement, for any purpose authorized under the Act.

Before any Additional Bonds are issued under the provisions of this Section, the Board shall adopt a resolution (1) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (2) authorizing the Board to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, (3) authorizing the Board to enter into a Supplemental Financing Agreement with the City to provide for payments at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement, and (4) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Board, are not prejudicial to the Board or the owners of the Bonds previously issued. Such Additional Bonds shall have the same general title as the Series 2008D Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of **Article III** of this Indenture), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Series 2008D Bonds and any other Additional Bonds, and except that the Board may issue Additional Bonds that are not entitled to the benefit and security of the Debt Service Reserve Fund.

Such Additional Bonds shall be executed in the manner set forth in **Section 206** hereof and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

(a) A copy, certified by the Secretary or Assistant Secretary of the Board, of the resolution adopted by the Board authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture, Supplemental Financing Agreement and supplements to any other Transaction Documents as may be necessary.

(b) A copy, certified by the City Clerk of the ordinances and/or resolutions adopted by the City authorizing the execution and delivery of the Supplemental Financing Agreement and supplements to any other Transaction Documents.

(c) An original executed counterpart of the Supplemental Indenture, executed by the Board and the Trustee, authorizing the issuance of the Additional Bonds being issued to make the loan, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such loan and the Supplemental Financing Agreement.

(d) An original executed counterpart of the Supplemental Financing Agreement, executed by the City and the Board, specifying, among other things, the principal amount, rate of interest, maturity, terms of optional prepayment.

(e) An Officer's Certificate (1) stating that no event of default under the Financing Agreement has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Bonds are being issued and accompanied by the certificates, reports or opinions demonstrating compliance with the applicable tests set forth in Section 7.1 of the Financing Agreement.

(f) A request and authorization to the Trustee, on behalf of the Board, executed by a City Representative, to authenticate the Additional Bonds and deliver said Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Board, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(g) If such Additional Bonds are to be insured or guaranteed by a bond insurer or other credit enhancer, an insurance policy or other credit enhancement in each case in form or substance satisfactory to the Board, the City and the Trustee.

(h) Deposit of an amount equal to the Debt Service Reserve Fund Requirement, if any, for such Additional Bonds.

(i) An Opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met and the issuance of such Additional Bonds will not result in the interest on any Bonds then Outstanding becoming subject to federal income taxes then in effect.

(j) Such other certificates, statements, receipts and documents required by any of the Transaction Documents or as the Board, the City or the Trustee shall reasonably require for the delivery of the Additional Bonds.

When the documents specified above have been filed with the Trustee, and when such Additional Bonds have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Additional Bonds to or upon the order of the purchasers thereof, but only upon payment to the Trustee of the purchase price of such Additional Bonds. The proceeds of the sale of such Additional Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee and shall be deposited and applied by the Trustee as provided in **Article IV** hereof and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Except as provided in this Section and in Article VII of the Financing Agreement, the Board will not otherwise issue any obligations on a parity with the Bonds, but the Board may issue other obligations specifically subordinate and junior to the Bonds.

Section 204. Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Bonds.

The interest payable on each Bond on any interest payment date shall be paid by the Trustee 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, (1) by check or draft mailed to such registered owner at his address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (2) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the

"Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The City shall notify the Trustee 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 such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee 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 Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the 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 and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee 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, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 205. Form, Denomination, Numbering and Dating. The Bonds of each series issued under this Indenture shall be issuable as fully registered bonds without coupons in substantially the form set forth in Exhibit B attached to this Indenture and the Supplemental Bond Indenture under which any Additional Bonds are issued, in each case with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture or any Supplemental Bond Indenture. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

The Series 2008D Bonds shall be issuable in the denomination of \$5,000 or any integral multiple thereof. The Bonds of each series of Additional Bonds shall be issuable in such denominations as provided in the Supplemental Bond Indenture authorizing such series. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be of the denominations of \$5,000 and any integral multiple thereof.

The Series 2008D Bonds of each series shall be numbered from **R-1** consecutively upward in order of issuance or in such other manner as the Trustee shall designate. The Bonds of each series of Additional Bonds shall be numbered as provided in the Supplemental Bond Indenture authorizing such series. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be numbered **R-1** and upward or in such other manner as the Trustee shall designate.

The Series 2008D Bonds shall be dated as provided in Section 202 of this Indenture. The Bonds of each series of Additional Bonds shall be dated as provided in the Supplemental Bond Indenture authorizing such series of Bonds. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be dated the date of their original authentication and delivery.

Section 206. Execution and Authentication. The Bonds shall be executed on behalf of the Board by the manual or facsimile signature of its Chairman, Vice Chairman or Executive Director and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, and shall have the corporate seal of the Board affixed thereto or imprinted thereon. If any officer whose manual or facsimile signature appears on any Bonds shall cease to hold such office before the authentication and delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for in **Exhibit B** hereto, executed by the Trustee by manual signature of an authorized officer or signatory of the Trustee, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder. At any time and from time to time after the execution and delivery of this Indenture, the Board may deliver Bonds executed by the Board to the Trustee for authentication and the Trustee shall authenticate and deliver such Bonds as in this Indenture provided and not otherwise.

Section 207. Registration, Transfer and Exchange. The Trustee shall cause to be kept at its principal corporate trust office a register (referred to herein as the "bond register") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration, transfer and exchange of Bonds as herein provided. The Trustee is hereby appointed "bond registrar" for the purpose of registering Bonds and transfers of Bonds as herein provided.

Bonds may be transferred or exchanged only upon the bond register maintained by the Trustee as provided in this Section. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Trustee, the Board shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same maturity, of any authorized denominations and of a like aggregate principal amount.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Board or the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Board and the Trustee, as bond registrar, duly executed by the owner thereof or his attorney or legal representative duly authorized in writing.

All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee and thereafter disposed of as required by applicable law.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Board, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the City. In the event any registered owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose 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 Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such registered owner hereunder or under the Bonds.

The Trustee shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Bond and ending at the close of business on the day of such publication or mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such series of Bonds and ending at the close of business on the relevant interest payment date therefor.

The Person in whose name any Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in this Indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will keep on file at its principal corporate trust office a list of the names and addresses of the last known owners of all Bonds and the serial numbers of such Bonds held by each of such owners. At reasonable times and under reasonable regulations established by the Trustee, the list may be inspected and copied by the Board, the City or the owners of 10% or more in principal amount of Bonds Outstanding or the authorized representative thereof, provided that the ownership of such owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

Section 208. Temporary Bonds. Pending the preparation of definitive Bonds, the Board may execute, and upon request of the Board the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds. If temporary Bonds are issued, the Board will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the principal corporate trust office of the Trustee, without charge to the owner. Upon surrender for cancellation of any one or more temporary Bonds, the Board shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged, temporary Outstanding Bonds shall in all respects be entitled to the security and benefits of this Indenture.

Section 209. Mutilated, Destroyed, Lost and Stolen Bonds. If (i) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Board and the Trustee such security or indemnity as may be required by it to save the Trustee and the Board harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the Board shall execute and upon its request the Trustee 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 maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Board in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Board and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an original additional contractual obligation of the Board, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 210. Cancellation of Bonds. All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Trustee, shall be promptly cancelled by the Trustee, and, if surrendered to any Paying Agent other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee. The Board or the City may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder, which the Board or the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture. The Trustee shall execute and deliver to the Board and the City a certificate describing the Bonds so cancelled. All cancelled Bonds held by the Trustee shall be disposed of in accordance with applicable law.

Section 211. Book-Entry Bonds; Securities Depository. The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Bonds, except in the event the Trustee issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Trustee authenticates and delivers Replacement Bonds to the beneficial owners as described in this Section.

If the Board determines (1) (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any bondowner other than the Securities Depository is no longer in the best interests of the beneficial owners of the Bonds, or (2) if the Trustee receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any bondowner other than the Securities Depository is no longer in the best interests of the beneficial owners of the Bonds, then the Trustee shall notify the bondowners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (1)(A) or (1)(B) of this paragraph, the Board, with the consent of the Trustee, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to

the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Board, the Trustee or bondowners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Trustee shall authenticate and cause delivery of Replacement Bonds to bondowners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names, addresses and principal amounts held of the beneficial owners of the Bonds. The cost of printing, registration, authentication, payment, transfer and delivery of Replacement Bonds shall be paid for by the City.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

#### **ARTICLE III**

#### **REDEMPTION OF BONDS**

Section 301. Redemption of Bonds Generally. The Bonds are subject to redemption prior to maturity in accordance with their terms and the terms and provisions set forth in this Article. Additional Bonds shall be subject to redemption prior to maturity in accordance with the applicable terms and provisions contained in this Article and as may be specified in such Bonds and the Supplemental Indenture authorizing such Bonds.

Section 302. Redemption of Series 2008D Bonds. The Series 2008D Bonds are subject to optional and mandatory redemption as follows:

(a) Optional Redemption. The Series 2008D Bonds maturing on or after October 1, 2018 are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after April 1, 2018, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

(b) *Mandatory Sinking Fund Redemption.* The Series 2008D Bonds maturing on April 1, 2020 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

|            | Principal     |
|------------|---------------|
| <u>Due</u> | <u>Amount</u> |
| 4/1/2017   | \$135,000     |
| 10/1/2017  | 140,000       |
| 4/1/2018   | 140,000       |
| 10/1/2018  | 145,000       |
| 4/1/2019   | 150,000       |
| 10/1/2019  | 155,000       |
| 4/1/2020*  | 155,000       |

# \*Final Maturity

The Series 2008D Bonds maturing on April 1, 2025 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| Due       | Principal<br><u>Amount</u> |
|-----------|----------------------------|
| 10/1/2020 | \$160,000                  |
| 4/1/2021  | 165,000                    |
| 10/1/2021 | 170,000                    |
| 4/1/2022  | 175,000                    |
| 10/1/2022 | 180,000                    |
| 4/1/2023  | 185,000                    |
| 10/1/2023 | 190,000                    |
| 4/1/2024  | 195,000                    |
| 10/1/2024 | 200,000                    |
| 4/1/2025* | 205,000                    |

\*Final Maturity

The Series 2008D Bonds maturing on April 1, 2029 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| Due       | Principal<br><u>Amount</u> |
|-----------|----------------------------|
| 10/1/2025 | \$210,000                  |
| 4/1/2026  | 215,000                    |
| 10/1/2026 | 220,000                    |
| 4/1/2027  | 225,000                    |
| 10/1/2027 | 235,000                    |
| 4/1/2028  | 240,000                    |
| 10/1/2028 | 245,000                    |
| 4/1/2029* | 255,000                    |
|           |                            |

\*Final Maturity

The Series 2008D Bonds maturing on April 1, 2033 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

|           | Principal     |
|-----------|---------------|
| Due       | <u>Amount</u> |
| 10/1/2029 | \$260,000     |
| 4/1/2030  | 270,000       |
| 10/1/2030 | 275,000       |
| 4/1/2031  | 285,000       |
| 10/1/2031 | 290,000       |
| 4/1/2032  | 300,000       |
| 10/1/2032 | 310,000       |
| 4/1/2033* | 320,000       |

\*Final Maturity

The Series 2008D Bonds maturing on April 1, 2038 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| Due       | Principal<br><u>Amount</u> |
|-----------|----------------------------|
| 10/1/2033 | \$325,000                  |
| 4/1/2034  | 335,000                    |
| 10/1/2034 | 345,000                    |
| 4/1/2035  | 355,000                    |
| 10/1/2035 | 365,000                    |
| 4/1/2036  | 375,000                    |
| 10/1/2036 | 390,000                    |
| 4/1/2037  | 400,000                    |
| 10/1/2037 | 410,000                    |
| 4/1/2038* | 395,000                    |
|           |                            |

\*Final Maturity

The Trustee shall, in each year in which Bonds are to be redeemed pursuant to the terms of this subsection make timely selection of such Bonds or portions thereof to be so redeemed in \$5,000 units of principal amount in such equitable manner as the Trustee may determine and shall give notice thereof without further instructions from the Board or the City. At the option of the City, to be exercised on or before the 45th day next preceding each mandatory redemption date, the City may: (1) deliver to the Trustee for cancellation Bonds of the same maturity in the aggregate principal amount desired; or (2) furnish to the Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Bonds from any owner thereof in the open market at a price not in excess of 100% of the principal amount thereof, whereupon the Trustee shall use its best efforts to expend such funds for such purposes to such extent as may be practical; or (3) elect to receive a credit in respect to the mandatory redemption obligation under this subsection for any Term Bonds of the same maturity which prior to such date have been redeemed (other than through the operation of the requirements of this subsection) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under this subsection. Each Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Board to redeem Bonds of the same maturity on the next mandatory redemption date applicable to Bonds of such maturity that is at least 45 days after receipt by the Trustee of such instructions from the City, and any excess of such amount shall be credited on future mandatory redemption obligations for Bonds of the same maturity in chronological order or such other order as the City may designate, and the principal amount of Bonds of the same maturity to be redeemed on such future mandatory redemption dates by operation of the requirements of this subsection shall be reduced accordingly. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) of this subsection, the City will, on or before the 45th day next preceding the applicable mandatory redemption date, furnish the Trustee an Officer's Certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with and the Bonds, in the case of its election pursuant to clause (1), in respect to such mandatory redemption payment.

Section 303. Election to Redeem; Notice to Trustee. The Board shall elect to redeem Bonds subject to optional redemption upon receipt of a written direction of the City. In case of any redemption at the election of the Board, the Board shall, at least 45 days prior to the redemption date fixed by the Board (unless a shorter notice shall be satisfactory to the Trustee) give written notice to the Trustee directing the Trustee to call Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount and maturities of Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption.

The foregoing provisions of this Section shall not apply in the case of any mandatory redemption of Bonds under this Indenture, and the Trustee shall call Bonds for redemption and shall give notice of redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Board and the City and whether or not the Trustee shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

Section 304. Selection by Trustee of Bonds to be Redeemed. Bonds may be redeemed only in the principal amount of \$5,000 (or other authorized denomination of the Bonds of any series specified in the Supplemental Bond Indenture authorizing such series of Bonds) or any integral multiple thereof.

If less than all Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 (or other minimum authorized denomination of the Bonds of such series) of the principal of Bonds of a denomination larger than \$5,000 (or such other minimum authorized denomination).

Section 305. Notice of Redemption. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the Board by mailing a copy of an official redemption notice by first class mail, at least 30 days and not more than 60 days prior to the redemption date to each registered owner of the Bonds to be redeemed at the address shown on the bond register.

Following the mailing of any notice of redemption pursuant to this **Section 305**, the Trustee shall promptly notify the Board and the City in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

All official notices of redemption shall be dated and shall state:

- (1) the redemption date;
- (2) the redemption price;

(3) the principal amount of Bonds of the series to be redeemed and, if less than all Bonds of a maturity of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts, numbers and maturity dates) of the Bonds to be redeemed;

(4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where the Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee or other Paying Agent.

The failure of any owner of Bonds to receive notice given as provided in this Section, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

In addition to the foregoing notice, further notice shall be given by the Trustee on behalf of the Board at least 2 days before the date of mailing of such notice to the registered owners by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed, (ii) the date of issue of the Bonds as originally issued, (iii) the rate of interest borne by each Bond being redeemed, (iv) the maturity date of each Bond being redeemed, and (v) any other descriptive information needed to identify accurately the Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Section 306. Deposit of Redemption Price. Prior to any redemption date, the Board shall deposit with the Trustee or with a Paying Agent, from moneys provided by the City, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

Section 307. Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Board shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Board at the redemption price. Installments of interest with a due date on or prior to the redemption date shall be payable to the owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 204.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear or have enclosed the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, or as otherwise provided under **Section 308** in lieu of surrender, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Bond.

Section 308. Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor (with, if the Board or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Board and the Trustee duly executed by, the owner thereof or his attorney or legal representative duly authorized in writing), and the Board shall execute and the Trustee shall authenticate and deliver to the owner of such Bond, without service charge, a new Bond or Bonds of the same series and maturity of any authorized denomination or denominations as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 (or other denomination) unit or units of principal amount called for redemption (and to that extent only).

Subject to the approval of the Trustee, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such owner and, if such owner is a nominee, the Person for whom such owner is a nominee, that payment shall be so made and that such owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such owner shall present such Bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

#### **ARTICLE IV**

## FUNDS AND ACCOUNTS AND APPLICATION OF BOND PROCEEDS

Section 401. Creation of Funds and Accounts. There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the Board to be designated as follows:

(a) "Missouri Development Finance Board-City of Independence, Missouri – Events Center Infrastructure Facilities Project Fund" (the "Project Fund"), and within such fund separate accounts for each Series of Bonds, initially a "Series 2008D Project Account."

(b) "Missouri Development Finance Board–City of Independence, Missouri – Events Center Infrastructure Facilities Costs of Issuance Fund" (the "Costs of Issuance Fund"), and within such fund separate accounts for each Series of Bonds, initially a "Series 2008D Costs of Issuance Account."

(c) "Missouri Development Finance Board–City of Independence, Missouri – Events Center Infrastructure Facilities Debt Service Fund" (the "Debt Service Fund") and within such fund separate accounts for each Series of Bonds, initially a "Series 2008D Debt Service Account," and within each such account a subaccount for capitalized interest on such Series, if any, initially a "Series 2008D Capitalized Interest Subaccount." (d) "Missouri Development Finance Board–City of Independence, Missouri – Events Center Infrastructure Facilities Debt Service Reserve Fund" (the "Debt Service Reserve Fund") and within such fund separate accounts for each Series of Bonds, initially a "Series 2008D Debt Service Reserve Account."

(e) "Missouri Development Finance Board–City of Independence, Missouri – Events Center Infrastructure Facilities Rebate Fund" (the "Rebate Fund") and within such fund separate accounts for each Series of Bonds, initially a "Series 2008D Rebate Account."

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Board.

Section 402. Deposit of Bond Proceeds. The Board, for and on behalf of the City, shall deposit with the Trustee all of the net proceeds of the Series 2008D Bonds, and the Trustee shall deposit and apply such proceeds, as follows:

(a) Deposit \$3,700.97 to the Series 2008D Debt Service Account of the Debt Service Fund representing the accrued interest received from the sale of the Series 2008D Bonds.

(b) Deposit \$883,475.00 to the Series 2008D Debt Service Reserve Account of the Debt Service Reserve Fund.

(c) Deposit \$662,474.03 to the Series 2008D Capitalized Interest Subaccount of the Debt Service Fund.

(c) Deposit \$145,469.50 to the Series 2008D Costs of Issuance Account of the Costs of Issuance Fund, which deposit shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the City in substantially the form of **Exhibit C** hereto and signed by the City Representative and approved by the Board Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer's Certificate from the City stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2008D Bonds, the Trustee shall transfer any moneys remaining in the Series 2008D Costs of Issuance Account to the Series 2008D Project Account of the Project Fund.

(d) Deposit \$10,306,502.22 to the Series 2008D Project Account of the Project Fund.

Section 403. Project Fund. Moneys in the Project Fund shall be used solely for the purpose of paying the Costs of the Project relating to the applicable Project as hereinbefore provided with such changes, or amendment or substitutions as deemed advisable by the City and approved in accordance with the Financing Agreement.

The Trustee shall disburse moneys on deposit in the Project Funds from time to time to pay or as reimbursement for payment made for the Costs of the Project (other than Costs of Issuance), in each case within **3** Business Days after receipt by the Trustee of written disbursement requests of the City in substantially the form of **Exhibit D** hereto, complete in all respects, and signed by the City Representative.

In making payments pursuant to this Section, the Trustee may rely upon such written requests and accompanying certificates and statements and shall not be required to make any independent investigation

in connection therewith. If for any reason the City should decide prior to the mailing or release of payment by the Trustee of any item not to pay such item, it shall give written notice of such decision to the Trustee and upon receipt of such notice, the Trustee shall not make such payment. If the Board so requests, a copy of each written disbursement request submitted to the Trustee for payment under this Section shall be promptly provided by the Trustee to the Board. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall file periodic statements of activity regarding the Project Fund with the City.

The City, upon completion of the Project, shall deliver to the Trustee within **90** days thereafter a written certificate of the City Representative:

(a) stating that the Project has been fully completed substantially in accordance with the plans and specifications for the Project, as then amended, and the date of completion of the Project; and

(b) stating that he has made such investigation of such sources of information as are deemed by him to be necessary, including pertinent records of the City, and is of the opinion that the Costs of the Project have been fully paid for and no claim or claims exist against the Board, the City or against the Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the City intends to contest such claim or claims, in which event such claim or claims shall be described; provided, further, that it shall be stated that moneys are on deposit in the Project Fund or are available through enumerated bank loans (including letters of credit) or other sources sufficient to make payment of the full amount which might in any event be payable in order to satisfy such claim or claims; and

(c) stating if any item was added to, deleted from or substituted for the Project.

If after payment by the Trustee of all disbursement requests theretofore tendered to the Trustee under the provisions of this Section and after receipt by the Trustee of the certificate required by the preceding paragraph of this Section and after all rebatable earnings have been transferred to the Rebate Fund pursuant to Section 407 hereof, there shall remain any moneys in the Project Fund, such moneys shall be deposited and applied in the following order of priority: (1) in the Debt Service Fund to pay the next successive principal payment on the Bonds to become due, and (2) in the Debt Service Fund and used to redeem Bonds at the earliest permissible date under Section 302 of this Indenture, or, in the discretion of the City, shall be applied for any other purpose that, based on an Opinion of Bond Counsel, will not cause the interest on the Bonds to be includible in gross income for federal income tax purposes.

If an event of default specified in Section 701 of this Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to Section 702 of this Indenture, any balance remaining in the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to Section 407 hereof, shall without further authorization be deposited in the Debt Service Fund by the Trustee with advice to the City and to the Board of such action.

Section 404. Debt Service Fund. The Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows:

(a) The amounts required to be deposited therein under Section 402(a) and (b) hereof, and all Loan Payments made by the City pursuant to Section 3.2 of the Financing Agreement.

(b) Any amount required to be transferred from the Project Fund to the Debt Service Fund upon completion of the Project pursuant to **Section 403** hereof.

(c) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to Section 502 hereof.

(d) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture.

(e) All other moneys received by the Trustee under and pursuant to any of the provisions of this Indenture or the Financing Agreement or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of this Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided herein, moneys in the Debt Service Fund shall be expended solely as follows: (a) to pay interest on the Bonds as the same becomes due; (b) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (c) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Board given pursuant to written direction of the City, shall use excess moneys in the Debt Service Fund to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the City, in accordance with the provisions of **Article III** hereof, so long as the City is not in default with respect to any payments under the Financing Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The City may cause such excess money in the Debt Service Fund or such part thereof or other moneys of the City, as the City may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in **Section 1001** of this Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Board, and any other amounts required to be paid under this Indenture and the Financing Agreement, all amounts remaining in the Debt Service Fund shall be paid to the City upon the expiration or sooner termination of the Financing Agreement.

Section 405. Deposits into the Debt Service Reserve Fund. The following moneys shall be paid over to and deposited by the Trustee into the Debt Service Reserve Fund, as and when received:

(a) From the proceeds from the sale of the Bonds, an amount equal to the Debt Service Reserve Fund Requirement.

(b) The amounts to be paid by the City pursuant to **Section 3.4(c)** of the Financing Agreement.

(c) The earnings accrued on the investment of moneys in the Debt Service Reserve Fund and required to be deposited into the Debt Service Reserve Fund pursuant to Section 502.

(d) All other moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Reserve Fund.

## Section 406. Application of Moneys in the Debt Service Reserve Fund.

(a) The moneys in the Debt Service Reserve Fund shall be disbursed and expended by the Trustee, without any further authorization from the City, solely for the payment of the principal of and interest on the Bonds of each series to which the applicable account on the Debt Service Fund relates to the extent of any deficiency in the Debt Service Fund with respect to such applicable Series of Bonds for such purposes. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund for such purpose whether or not the amount in the applicable account of the Debt Service Reserve Fund at that time equals applicable the Debt Service Reserve Fund for the purposes stated in this paragraph, the Trustee shall immediately notify the City of the amount necessary to restore the balance in the Debt Service shall direct the City to restore the deficiency in 12 equal monthly payments beginning not later than the first day of the next calendar month.

(b) On each valuation date (as provided for in Section 502), the Trustee shall determine the value of all cash and Permitted Investments held in the Debt Service Reserve Fund. All such Permitted Investments shall be valued pursuant to Section 502. If the value so determined exceeds the Debt Service Reserve Fund Requirement, the excess shall as promptly as practical be transferred to the Debt Service Fund pursuant to Section 502. If the value so determined is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately direct the City to restore the deficiency not later than the next succeeding Payment Date.

(c) After payment or provision for payment in full of the principal of and interest on the Bonds to which such account of the Debt Service Reserve Fund relates, and the fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under this Indenture and the Financing Agreement, all amounts remaining in the applicable account of the Debt Service Reserve Fund shall be paid to the City.

Section 407. Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay arbitrage rebate to the United States of America, and neither the City, the Board nor the owner of any Bonds shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by this Section and by the Tax Compliance Agreement (which are incorporated herein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States. Neither the Trustee nor the Board shall have any obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under this Indenture as provided in this Indenture or from other moneys provided to it by the City. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any arbitrage rebate shall be withdrawn and paid jointly to the City.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this Section and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds until all arbitrage rebate shall have been paid.

Section 408. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 409. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Board to the 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 Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within one year following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay jointly to the City the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 410. Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of this Indenture as are requested by the Board. The Trustee shall furnish to the Board and the City, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under this Article which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each calendar year ending June 30 to the Board, the City and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by this Indenture as of the beginning and close of such accounting period.

## **ARTICLE V**

# SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 501. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for the funds and accounts held under this Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture and the Financing Agreement, and, until used or applied as herein provided, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds of the Board or the City except as provided under Section 502 hereof for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except to the extent such moneys are invested in Permitted Investments.

Section 502. Investment of Moneys. Moneys held in each of the funds and accounts under this Indenture shall, pursuant to written directions of the City Representative, be invested and reinvested by the Trustee in accordance with the provisions of this Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. In the absence of direction of the City Representative, the Trustee shall invest and reinvest moneys in an investment described in paragraph (7) of the definition of the term "Permitted Investments" in Section 101 hereof. The Trustee may make any investments permitted by the provisions of this Section through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amount required to be deposited in the Rebate Fund pursuant to Section 407 hereof) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account; provided, however, that all interest accruing on the Project Fund and the Debt Service Reserve Fund shall be automatically deposited into the Debt Service Fund. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

In determining the balance in any Fund (other than the Debt Service Reserve Fund), investments in such Fund shall be valued at the lower of their original cost or their fair market value as of the most recent interest payment date. Permitted Investments in the Debt Service Reserve Fund shall be valued at fair market value, exclusive of accrued interest. Investments in the Funds under this Indenture shall be valued on each March 1 and September 1 in each year beginning September 1, 2008. The Trustee shall promptly deliver a copies of such valuations to the City, which may be in the form of the Trustee's standard account statements.

## **ARTICLE VI**

# **GENERAL COVENANTS AND PROVISIONS**

Section 601. Board to Issue Bonds and Execute Indenture. The Board covenants that it is duly authorized under the Constitution and laws of the State of Missouri to execute this Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the execution and delivery of this Indenture and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Board according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Section 602. Limited Obligations. The Bonds and the interest thereon shall be special, limited obligations of the Board payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards solely out of the Loan Payments and other payments derived by the Board under the Financing Agreement (except for fees and expenses payable to the Board, the Board's right to indemnification as set forth in the Financing Agreement and as otherwise expressly set forth therein), and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in this Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision or body politic thereof, including the City, within the meaning of any state constitutional provision or statutory limitation, including the City, and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision or body politic thereof, but shall be payable solely from the funds provided for in the Financing Agreement and in this Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Missouri or any political subdivision or body politic thereof, including the City, to levy any form of taxation therefor or to make any appropriation for their payment. The State of Missouri shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Board. No breach by the Board of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Missouri or any charge upon its general credit or against its taxing power. The Board has no power to tax.

Section 603. Payment of Bonds. The Board shall duly and punctually pay, but solely from the sources specified in this Indenture, the principal of, redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Indenture.

**Section 604. Performance of Covenants.** The Board shall (to the extent within its control) faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in the Bonds and in all proceedings pertaining thereto.

Section 605. Inspection of Books. The Board covenants and agrees that all books and documents in its possession relating to the Bonds, this Indenture and the Financing Agreement, and the transactions relating thereto shall at all reasonable times be open to inspection by the Trustee, the City and such accountants or other agencies as the Trustee or the City may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds, this Indenture and the Financing Agreement, and the transactions relating thereto, including financial

statements of the City, shall be open to inspection by the Board during business hours upon reasonable notice.

Section 606. Enforcement of Rights. The Board agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under this Indenture in its name or in the name of the Board may enforce all rights of the Board and the Trustee and all obligations of the City under and pursuant to the Financing Agreement and any other Transaction Documents for and on behalf of the bondowners, whether or not the Board is in default hereunder. The Financing Agreement and all other Transaction Documents shall be delivered to and held by the Trustee.

Section 607. Amendments to the Financing Agreement. The Financing Agreement may only be supplemented or amended by Supplemental Financing Agreements executed by the Board and the City as provided in Article XII of the Financing Agreement.

Section 608. Tax Covenants. The Board (to the extent within its power or direction) shall not use or permit the use of any proceeds of Bonds or any other funds of the Board, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would cause the interest on any Bond to be included in gross income for federal income tax purposes.

The Board agrees that so long as any of the Bonds remain Outstanding, it will comply with the provisions of the Tax Compliance Agreement applicable to the Board.

The Trustee agrees to comply with the provisions of the Tax Compliance Agreement, and upon receipt of the Tax Compliance Agreement and any Opinion of Bond Counsel which sets forth such requirements, to comply with any statute, regulation or ruling that may apply to it as Trustee hereunder and relating to reporting requirements or other requirements necessary to preserve the exclusion from federal gross income of the interest on the Bonds. The Trustee from time to time, in its sole discretion, may cause a firm of attorneys, consultants or independent accountants or an investment banking firm to supply the Trustee, on behalf of the Board, with such information as the Trustee, on behalf of the Board, may request in order to determine in a manner reasonably satisfactory to the Trustee, on behalf of the Board or conclusions necessary to verify that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, and (b) compliance with rebate requirements of Section 148(f) of the Internal Revenue Code. Payment for fees, charges, costs and expenses incurred in connection with supplying the foregoing information shall be paid by the City.

The foregoing covenants of this Section shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to Article X of this Indenture or any other provision of this Indenture, until the final maturity date of all Bonds Outstanding and payment thereof.

Section 609. Certain Information and Opinions to be Provided to the Board. The Trustee shall deliver to the Board, promptly upon its written request to the Trustee, copies of the financial statements and other information on file with the Trustee, that have been delivered to the Trustee pursuant to Section 6.1 of the Financing Agreement. Each Opinion of Bond Counsel required to be addressed and delivered to the Trustee under any provision of this Indenture shall also be addressed and delivered to the Board.

Section 610. Continuing Disclosure. Pursuant to Section 6.3 of the Financing Agreement, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and the Board shall have no liability to the owners of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. Notwithstanding any other provision of this Indenture, failure of the City or the Trustee to

comply with the Continuing Disclosure Agreement shall not be considered an event of default under this Indenture or the Financing Agreement; however, the Trustee may (and, at the request of the Underwriter or the owners of at least 25% aggregate principal amount of Outstanding Bonds, having been indemnified in accordance with Section 802(e), shall), or any bondowner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under Section 6.3 of the Financing Agreement. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

## **ARTICLE VII**

# **DEFAULT AND REMEDIES**

Section 701. Events of Default. The term "event of default," wherever used in this Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond when such interest becomes due and payable; or

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or

(c) default in the performance, or breach, of any covenant or agreement of the Board in this Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of **60** days after there has been given to the Board and the City by the Trustee or to the Board and the City and the Trustee by the owners of at least **10%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Board shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(d) any event of default under the Financing Agreement shall occur and is continuing and has not been waived.

With regard to any alleged default concerning which notice is given to the City under the provisions of this Section, the Board hereby grants the City full authority for the account of the Board to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Board, with full power to do any and all things and acts to the same extent that the Board could do and perform any such things and acts in order to remedy such default.

Section 702. Acceleration of Maturity; Rescission and Annulment. If an event of default occurs and is continuing, the Trustee may, and shall, if requested by the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the Board and the City, declare the

principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in this Article, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Board, the City and the Trustee, rescind and annul such declaration and its consequences if:

- (a) the Board has deposited with the Trustee a sum sufficient to pay
  - (1) all overdue installments of interest on all Bonds,

(2) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds,

(3) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds, and

(4) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in Section 710 of this Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 703. Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any event of default under this Indenture, unless the same is waived as provided in this Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Indenture or by law:

(a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under this Indenture, to realize on or to foreclose any of its interests or liens under this Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Board as set forth in this Indenture and to enforce or preserve any other rights or interests of the Trustee under this Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) Exercise of Remedies at Direction of Bondowners. If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in Section 802(e) of this Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee shall deem most expedient in the interests of the bondowners.

(c) Appointment of Receiver. Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) Suits to Protect the Trust Estate. The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under this Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Board or the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) *Enforcement Without Possession of Bonds.* All rights of action under this Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of **Section 707** hereof, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) Restoration of Positions. If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under this Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Board, the City, the Trustee and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under this Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Section 704. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Board or any other obligor upon the Bonds or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Board for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the bondowners allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 804.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any owner thereof, or to authorize the Trustee to vote in respect of the claim of any bondowner in any such proceeding.

Section 705. Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy under this Indenture, unless:

(a) such owner has previously given written notice to the Trustee of a continuing event of default;

(b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under this Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in Sections 802(e), 802(k) and 804 of this Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for **60** days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in this Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in this Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment. Section 706. Control of Proceedings by Bondowners. The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with Sections 802(e), 802(k) and 804:

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture, provided that

(1) such direction shall not be in conflict with any rule of law or this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Section 707. Application of Moneys Collected. Any moneys collected by the Trustee pursuant to this Article (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all unpaid amounts due the Trustee under **Section 804** of this Indenture;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(c) **Third:** To the payment of the remainder, if any, to the Board or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the

amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with Section 204 hereof, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 708. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 709. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee, or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Section 710. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Board, on behalf of the owners of all the Bonds waive any past default hereunder and its consequences, except a default

(a) in the payment of the principal of (or premium, if any) or interest on any Bond,

(b) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

## ARTICLE VIII

## THE TRUSTEE

Section 801. Acceptance of Trusts; Certain Duties and Responsibilities. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the following terms and conditions:

(a) Except during the continuance of an event of default,

or

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, **except** that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or conveying rights and duties or affording protection to the Trustee, whether in its capacity as Trustee, Paying Agent, bond registrar or any other capacity, shall be subject to the provisions of this **Article VIII**.

Section 802. Certain Rights of Trustee. Except as otherwise provided in Section 801 of this Indenture:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely upon an Officer's Certificate as to the sufficiency of any request or direction of the City mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set

forth has been adopted by the governing board of the City has been duly adopted, and is in full force and effect.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate.

(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) Notwithstanding anything in this Indenture to the contrary, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture whether at the request or direction of any of the bondowners pursuant to this Indenture or otherwise, unless such bondowners or other party shall have offered to the Trustee reasonable security or indemnity against the fees, advances, costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct), including, without limitation, such fees, advances, costs, expenses and liabilities associated with environmental contamination and the clean up thereof, which might be incurred by it in connection with such rights or powers.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Board, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Bonds, except the certificate of authentication on the Bonds. The Trustee makes no representations to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Board or the City of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the Board or the City under any provision of this Indenture.

(h) The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Board and the City with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as to investments authorized and directed pursuant to **Section 502** of this Indenture.

(j) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(k) Notwithstanding anything elsewhere in this Indenture contained, before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action.

(1) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or its willful misconduct.

(m). The Trustee shall not be required to give any bond or security in respect of the execution of the said trusts and powers or otherwise in respect to the premises.

Section 803. Notice of Defaults. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Board to cause to be made any of the payments to the Trustee required to be made by Article IV of this Indenture, unless the Trustee shall be specifically notified in writing of such default by the Board, the City or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any event of default or the occurrence of any event of default hereunder of which the Trustee is deemed to have notice the Trustee shall give written notice of such event of default by mail to the Board, the City and all owners of Bonds as shown on the bond register maintained by the Trustee, unless such event of default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an event of default as defined in Section 801.

Section 804. Compensation and Reimbursement. The Trustee shall be entitled to payment or reimbursement, as follows:

(a) from time to time for reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or bad faith; and

(c) indemnification for any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the fees, costs and expenses of its agents and counsel in defending itself against any action, suit, demand, judgment, claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As contemplated under the Financing Agreement, all such payments and reimbursements shall be made by the City with interest at the rate of interest per annum equal to the Prime Rate plus 2% announced from time to time by the Trustee.

The Trustee shall promptly notify the City in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against the City, setting forth the particulars of such claim or action, and the City will assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses. The Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the City unless such employment has been specifically authorized by the City, or the City fails, in the judgment of the Trustee, to employ competent counsel, and such counsel fails to actively defend such action and protect the interests of the Trustee or bondowners.

Pursuant to the provisions of the Financing Agreement, the City has agreed to pay to the Trustee all reasonable fees, charges, advances and expenses, including, without limitation, its agents and counsel, of the Trustee, and the Trustee agrees to look only to the City for the payment of all reasonable fees, charges, advances and expenses of the Trustee and any Paying Agent as provided in the Financing Agreement. The Trustee agrees that the Board shall have no liability for any fees, charges and expenses of the Trustee.

As security for the payment of such compensation, expenses, reimbursements and indemnity under this Section, the Trustee shall be secured under this Indenture by a first lien prior to the Bonds, and shall have the right to use and apply any trust moneys held by it under **Article IV** hereof.

Section 805. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, and having a combined capital and surplus of at least \$25,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

# Section 806. Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the Board, the City and each owner of Bonds Outstanding as shown by the list of bondowners required by this Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within **30** days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Board or the City (so long as the City is not in default under this Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in Subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Board and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default by the City under the Financing Agreement. The Board, the City or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(d) If at any time:

(1) the Trustee shall fail to comply with Subsection (b) after written request therefor by the Board or by any bondowner, or

(2) the Trustee shall cease to be eligible under Section 805 and shall fail to resign after written request therefor by the Board or by any such bondowner, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Board may remove the Trustee, or (B) the City or any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the City of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Board and the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 808.

Section 807. Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Board, with the written consent of the City (which consent shall not be unreasonably withheld), or the owners of a majority in principal amount of Bonds Outstanding (if an event of default hereunder or under the Financing Agreement has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Board and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Board or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided. any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this Section shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

Section 808. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Board and to the retiring Trustee an instrument

accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the Board or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in **Section 804**. Upon request of any such successor Trustee, the Board shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 809. Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 810. Co-Trustees and Separate Trustees. At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies herein granted to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the owners of at least 25% in principal amount of the Bonds Outstanding, the Board shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, protection, immunity, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Board does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an event of default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the Board be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Board.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee.

(b) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Board evidenced by a resolution, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an event of default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Board. Upon the written request of the Trustee, the Board shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other act of bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Section 811. Designation of Paying Agents. The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The Board may, in its discretion, cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, premium, if any, and interest on the Bonds of any series, or at the principal corporate trust office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed by the Board in connection with the appointment of any successor Trustee.

Section 812. Advances by Trustee. If the City shall fail to make any payment or perform any of its covenants in the Financing Agreement, the Trustee may, at any time and from time to time, use and apply any moneys held by it under this Indenture, or make advances, to effect payment or performance of any such covenant on behalf of the City. All moneys so used or advanced by the Trustee, together with interest at the Trustee's announced Prime Rate plus 2% per annum, shall be repaid by the City upon demand and such advances shall be secured under this Indenture prior to the Bonds. For the repayment of all such advances the Trustee shall have the right to use and apply any moneys at any time held by it under this Indenture but no such use of moneys or advance shall relieve the City from any default under the Financing Agreement.

# **ARTICLE IX**

#### SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures without Consent of Bondowners. Without the consent of the owners of any Bonds, the Board and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property; or

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed; or

(c) to authorize the issuance of any series of Additional Bonds and make such other provisions as provided in Section 203; or

(d) to evidence the appointment of a separate trustee or the succession of a new trustee under this Indenture; or

(e) to add to the covenants of the Board or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power herein conferred upon the Board; or

(f) to cure any ambiguity, to correct or supplement any provision in this Indenture which may be inconsistent with any other provision herein or to make any other change, with respect to matters or questions arising under this Indenture, which shall not be inconsistent with the provisions of this Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds; or

(g) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Section 902. Supplemental Indentures with Consent of Bondowners. With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Board and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the owners of the Bonds under this Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby,

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable

upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; or

(c) modify the obligation of the Board to make payment on or provide funds for the payment of any Bond; or

(d) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(e) modify any of the provisions of this Section or Section 710, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the owner of any Bond of the security afforded by the lien of this Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and, subject to Article VIII, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized and permitted by and in compliance with the terms of this Indenture and that the execution and delivery thereof will not adversely affect the exclusion from federal gross income of interest on the Bonds. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures. Upon the execution of any Supplemental Indenture under this Article, this Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Reference in Bonds to Supplemental Indentures. Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if required

by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture. If the Board shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board, to any such Supplemental Indenture may be prepared and executed by the Board and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

Section 906. City Consent to Supplemental Indentures. So long as the City is not in default under the Financing Agreement, a Supplemental Indenture under this Article which affects any rights of the City will not become effective unless and until the City consents in writing to the execution and delivery of such Supplemental Indenture; provided that receipt by the Trustee of a Supplemental Financing Agreement executed by the City in connection with the issuance of Additional Bonds shall be deemed to be the consent of the City to the execution of the related Supplemental Indenture.

## ARTICLE X

#### SATISFACTION AND DISCHARGE

Section 1001. Payment, Discharge and Defeasance of Bonds. Bonds will be deemed to be paid and discharged and no longer Outstanding under this Indenture and will cease to be entitled to any lien, benefit or security of this Indenture if the Board shall pay or provide for the payment of such Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing in trust with the Trustee or other Paying Agent moneys and Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of this Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (1) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee and (2) an Opinion of Bond Counsel addressed and delivered to the Trustee and the Board in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of this Indenture has been provided for in the manner set forth in this Indenture and to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Indenture.

The foregoing notwithstanding, the liability of the Board in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid. Moneys and Defeasance Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Section 1002. Satisfaction and Discharge of Indenture. This Indenture and the lien, rights and interests created by this Indenture shall cease, determine and become null and void (except as to any surviving rights pursuant to Section 1003 hereof) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of **Section 1001**;

(b) all other sums payable under this Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Indenture;

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this Section to the satisfaction and discharge of this Indenture have been complied with; and

(e) if such Bonds are to be redeemed or final payment is to occur on a date which is more than 90 days from the date of the deposit under this Section, the Board and the City shall have received (1) the report of a verification agent acceptable to and addressed to each of them, confirming the mathematical accuracy of the calculations used to determine the sufficiency of the moneys or Defeasance Obligations; and (2) the escrow deposit agreement

Thereupon, the Trustee shall execute and deliver to the Board a termination statement and such instruments of satisfaction and discharge of this Indenture as may be necessary at the written request of the Board, and shall pay, assign, transfer and deliver to the Board, or other Persons entitled thereto, all moneys, securities and other property then held by it under this Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as herein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Section 1003. Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of this Indenture, the rights of the Trustee under Section 804 shall survive, and the Trustee shall retain such rights, powers and duties under this Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the City without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the City for payment thereof and all liability of the Trustee or any Paying Agent or the Board with respect to such moneys shall thereupon cease.

# **ARTICLE XI**

#### NOTICES, CONSENTS AND OTHER ACTS

Section 1101. Notices. Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Indenture to be made, given or furnished to or filed with the following Persons upon receipt by such Person, if the same shall be delivered in person or duly mailed by registered or certified mail, postage prepaid, return receipt requested, at the following addresses:

(a) To the Board at:

Missouri Development Finance Board Governor Office Building 200 Madison Street Suite 1000 Jefferson City, Missouri 65102 Attention: Executive Director

(b) To the Trustee at:

Commerce Bank, N.A., as Trustee 922 Walnut Street, 10<sup>th</sup> Floor Kansas City, Missouri 64106 Attention: Corporate Trust Department

(c) To the City at:

City of Independence, Missouri City Hall 111 East Maple Independence, Missouri 64050 Attention: Director of Finance

(d) To the Original Purchaser:

Piper Jaffray & Co. 11150 Overbrook Road, Suite 310 Leawood, Kansas 66211 Attention: Public Finance

A copy of the form of any notice from the Trustee to the Bondowners shall be given by the Trustee to the Board and the City.

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient notice.

Notice to bondowners shall be given by first class mail at the address of the bondowners as shown on the bond register maintained by the Trustee, and neither the failure to receive such notice, nor any defect in any notice so mailed, shall affect the sufficiency of such notice. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by bondowners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1102. Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Board and the City. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of this Indenture and conclusive in favor of the Board and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds registered on the bond register in the name of the Board or the City shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Board or the City has identified in writing to the Trustee as being owned by the Board or the City or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Board in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1103. Form and Contents of Documents Delivered to Trustee. Whenever several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not

necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Board may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Board stating that the information with respect to such factual matters is in the possession of the Board, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such factual matters is in the possession of the Board, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Board shall deliver any document as a condition of the granting of such application, or as evidence of the Board's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Board to have such application granted or to the sufficiency of such certificate or report.

Section 1104. Compliance Certificates and Opinions. Upon any application or request by the Board to the Trustee to take any action under any provision of this Indenture, the Board shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of counsel rendering such opinion all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

#### **ARTICLE XII**

# **MISCELLANEOUS PROVISIONS**

Section 1201. Further Assurances. The Board shall do, execute, acknowledge and deliver such Supplemental Indentures and such further acts, instruments, financing statements and assurances as the Trustee may reasonably require for accomplishing the purposes of this Indenture.

Section 1202. Immunity of Officers, Directors, Employees and Members of Board. No recourse shall be had for the payment of the principal of or redemption premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer, director, member, employee or agent of the Board, or of any successor public corporation, either directly or through the Board or any successor public corporation, enter directly or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of Bonds.

Section 1203. Limitation on Board Obligations. Any other term or provision in this Indenture or in any other Transaction Documents or elsewhere to the contrary notwithstanding:

(a) Any and all obligations (including without limitation, fees, claims, demands, payments, damages, liabilities, penalties, assessments and the like) of or imposed upon the Board or its members, officers, agents, employees, representatives, advisors or assigns, whether under this Indenture or any of the other Transaction Documents or elsewhere and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever (collectively the **"Obligations"**), shall in all events be absolutely limited obligations and liabilities, payable solely out of the following, if any, available at the time the Obligation in question is asserted:

(1) Bond proceeds and investments therefrom; and

(2) Payments derived from the Bonds, this Indenture (including the Trust Estate to the extent provided in this Indenture), the Financing Agreement (except for the fees and expenses of the Board and the Board's right to indemnification under the Financing Agreement under certain circumstances and as otherwise expressly set forth therein);

(the above provisions (1) and (2) being collectively referred to as the "exclusive sources of the Obligations").

(b) The Obligations shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision thereof, but shall be payable solely from and out of the exclusive sources of the Obligations and shall otherwise impose no liability whatsoever, primary or otherwise, upon the State of Missouri or any political subdivision thereof or any charge upon their general credit or taxing power. (c) In no event shall any member, officer, agent, employee, representative or advisor of the Board, or any successor or assign of any such person or entity, be liable, personally or otherwise, for any Obligation.

(d) In no event shall this Indenture be construed as:

(1) depriving the Board of any right or privilege; or

(2) requiring the Board or any member, officer, agent, employee, representative or advisor of the Board to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else;

which deprivation or requirement would violate or result in the Board's being in violation of the Act or any other applicable state or federal law.

Section 1204. Benefit of Indenture. This Indenture shall inure to the benefit of and shall be binding upon the Board and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. With the exception of rights expressly conferred in this Indenture, nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns hereunder, any separate trustee or co-trustee appointed under Section 810 and the owners of Outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1205. No Pecuniary Liability. All covenants, obligations and agreements of the City herein shall be effective to the extent authorized and permitted by law. No such covenant, obligation or agreement herein shall be deemed to be a covenant, obligation or agreement of any present or future councilmember, commissioner, director, officer, agent or employee of the City other than in their official capacity.

Section 1206. Severability. If any provision in this Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1207. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 1208. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of Missouri.

Section 1209. Electronic Storage of Documents The Trustee and the Board agree that the transaction described herein may be conducted and related documents may be stored by electronic means.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Board and the Trustee have caused this Bond Trust Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, by their duly authorized officers, all as of the day and year first above written.

# MISSOURI DEVELOPMENT FINANCE BOARD

By:

ī

Name: Robert V. Miserez Title: Executive Director

[SEAL]

1



COMMERCE BANK, N.A., as Trustee

By: MERRY EVANS VICE PRESIDENT Name: Title:

[SEAL]

ATTEST:

By: Name: WILLIA

Title: ASSISTANT SECRETARY

# EXHIBIT A TO BOND TRUST INDENTURE

# The Project

The Events Center Project consists of development and construction of a multipurpose events center in the City, together with all necessary related infrastructure and site improvements.

•

#### EXHIBIT B TO BOND TRUST INDENTURE

#### (FORM OF SERIES 2008D BONDS)

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

## UNITED STATES OF AMERICA

# **STATE OF MISSOURI**

Registered No. R-\_\_\_

Registered \$

## **MISSOURI DEVELOPMENT FINANCE BOARD**

# INFRASTRUCTURE FACILITIES REVENUE BOND (CITY OF INDEPENDENCE, MISSOURI – EVENTS CENTER PROJECT) SERIES 2008D

| Interest Rate | <b>Maturity Date</b> | <b>Dated Date</b> | <u>CUSIP</u> |
|---------------|----------------------|-------------------|--------------|
| %             |                      | April 1, 2008     |              |

Registered Owner: CEDE & CO. Taxpayer I.D. No. 13-2555119

**Principal Amount:** 

THE MISSOURI DEVELOPMENT FINANCE BOARD, a body politic and corporate and a public instrumentality (the "Board"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a **360**-day year of twelve **30**-day months) from the date of Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2008, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of American which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of COMMERCE BANK, N.A., in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (1) check or draft of the Trustee mailed to such registered owner at his address as it appears on such bond register or at such other address furnished in writing by such registered owner to the Trustee, or (2) at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

**Limited Obligations.** The Bonds and the interest thereon are special, limited obligations of the Board payable solely out of Loan Payments (as defined in the a Bond Trust Indenture, dated as of April 1, 2008 between the Board and the Trustee, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture") derived by the Board under the Financing Agreement and are secured by a pledge and assignment of such Loan Payments and other funds as provided in the Indenture. The Bonds shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision thereof, but shall be payable solely from the funds provided for in the Financing Agreement and the Indenture. The issuance of the Bonds shall not directly or indirectly obligate the State of Missouri, any political subdivision thereof, the Board or its officers, directors or employees to provide any funds for the payment of such Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Missouri or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The State of Missouri shall not in any event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Board. No breach by the Board of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Missouri or any charge upon its general credit or its taxing power. The Board has no power to tax.

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the Board designated "Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2008D," in the aggregate principal amount of \$12,325,000 (the "Bonds"), issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Sections 100.250 to 100.297, et. seq., as amended, and pursuant to proceedings duly had by the Board. The Bonds are issued under and are equally and ratably secured and entitled to the protection given by the Indenture for the purpose of making a loan to the City of Independence, Missouri (the "City") to provide funds for the purposes described in the Indenture. The loan will be made pursuant to a Financing Agreement, dated as of April 1, 2008 (said Financing Agreement, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Financing Agreement"), between the Board and the City. Under the Indenture, the Board has pledged and assigned certain of its rights under the Financing Agreement, including the right to receive all Loan Payments thereunder, to the Trustee as security for the Bonds. Reference is hereby made to the Indenture for a description of the property pledged and assigned thereunder, and the provisions, among others, with respect to the nature

and extent of the security for the Bonds, and the rights, duties and obligations of the Board, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

**Redemption Prior to Maturity.** The Series 2008D Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. The Series 2008D Bonds maturing on October 1, 2018 and thereafter are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after April 1, 2018, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on or after April 1, 2020, April 1, 2025, April 1, 2029, April 1, 2033 and April 1, 2038 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on April 1 and October in each of the years specified in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date, without premium. Bonds to be so redeemed shall be selected by the Trustee in such equitable manner as it may determine.

Notice of Redemption. Notice of redemption, unless waived, is to be given by the Trustee by mailing an official redemption notice by registered, certified or first class mail at least **30** days and not more than **60** days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the bond register maintained by the Trustee. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Board shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or that of the Paying Agent as the Securities Depository "FAST" Agent. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Board and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Board and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of,

redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Board, the Trustee and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Board, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered on the bond register maintained by the Trustee as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Rights. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the MISSOURI DEVELOPMENT FINANCE BOARD has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman or President and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and its corporate seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

# **CERTIFICATE OF AUTHENTICATION**

# **MISSOURI DEVELOPMENT FINANCE** BOARD

This Bond is one of the Bonds described in the within mentioned Indenture.

By: \_\_\_\_\_ Chairman Date of Authentication: [SEAL] **COMMERCE BANK, N.A.**, ATTEST:

Trustee

By: \_\_\_\_

Authorized Signature

\_\_\_\_\_ By: \_\_\_\_ Assistant Secretary

**B-5** 

# ASSIGNMENT

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

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

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney

to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

**NOTICE:** The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15) or any similar rule which the Trustee deems applicable)

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

#### **LEGAL OPINION**

The following is a true and correct copy of the legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, on the within Bond and the series of which said Bond is a part, which opinion was manually executed and was dated and issued as of the date of delivery of and payment for such Bonds.

# GILMORE & BELL, P.C. 2405 Grand Boulevard, Suite 1100 Kansas City, Missouri 64108

(Opinion of Bond Counsel)

.

### EXHIBIT C TO BOND TRUST INDENTURE

Request No: \_\_\_\_\_ Date: \_\_\_\_\_

### **DISBURSEMENT REQUEST**

(§ 402 - COSTS OF ISSUANCE FUND) (Series 2008D Costs of Issuance Account)

- To: Commerce Bank, N.A., as Trustee Corporate Trust Department Kansas City, Missouri,
  - Re: Missouri Development Finance Board, Infrastructure Facilities Revenue Bonds (City of Independence, Missouri Events Center Project), Series 2008D

You are hereby requested and directed as Trustee under the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture"), between the Missouri Development Finance Board and you, as Trustee, to pay from moneys in the Costs of Issuance Fund, pursuant to Section 402 of the Indenture, to the following payees the following amounts for the following Costs of Issuance (as defined in the Indenture):

<u>Payee</u>

<u>Amount</u>

Description of Costs of Issuance

The undersigned City Representative hereby states and certifies that each item listed above is a proper Cost of Issuance (as defined in the Indenture) that was incurred in connection with the issuance of the above-referenced Bonds, and the amount of this request is justly due and owing and has not been the subject of another requisition which was paid.

### **CITY OF INDEPENDENCE, MISSOURI**

Ву: \_\_\_\_\_

City Representative

### EXHIBIT D TO BOND TRUST INDENTURE

|       | Request No: |  |
|-------|-------------|--|
| Date: |             |  |

#### **DISBURSEMENT REQUEST**

(§ 403 - PROJECT FUND) (Series 2008D Project Account)

- To: Commerce Bank, N.A., as Trustee Corporate Trust Department Kansas City, Missouri,
  - Re: Missouri Development Finance Board, Infrastructure Facilities Revenue Bonds (City of Independence, Missouri Events Center Project), Series 2008D

You are hereby requested and directed as Trustee under the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture"), between the Missouri Development Finance Board and you, as Trustee, to pay from moneys in the Project Fund, pursuant to **Section 403** of the Indenture, to the following payees the following amounts for the following Costs of the Project (as defined in the Indenture):

Payee

<u>Amount</u>

Description of Costs of Project

The undersigned City Representative hereby states and certifies that:

- 1. Each item listed above is a valid and proper Cost of the Project (as defined in the Indenture) that was incurred in the acquisition or equipping of portions of the Project in accordance with the construction contracts and plans and specifications therefor.
- 2. These costs have been incurred by the City under their control and are presently due and payable or have been paid by the City and are reasonable costs that are payable or reimbursable under the Indenture and each item thereof is a proper charge against the Project Fund.
- 3. Each item listed above has not previously been paid or reimbursed from moneys in the Project Fund and no part thereof has been included in any other Disbursement Request previously filed with the Trustee under the provisions of the Indenture or reimbursed to the City from Bond proceeds.

- 4. There has not been filed with or served upon the City any notice of any lien, right to a lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the amounts stated in this request.
- 5. All necessary permits and approvals required for the portion of the work on the Project for which this withdrawal is to be made have been issued and are in full force and effect.
- 6. All work for which payment is now or has heretofore been requested (insofar as such payments relate to the construction, remodeling and renovation portions of the Project) has been performed in a good and workmanlike manner and in accordance with the plans and specifications therefor.

# **CITY OF INDEPENDENCE, MISSOURI**

By: \_\_\_\_\_City Representative

**Execution Copy** 

# MISSOURI DEVELOPMENT FINANCE BOARD As Board

#### AND

# CITY OF INDEPENDENCE, MISSOURI, As City

#### FINANCING AGREEMENT

Dated as of April 1, 2008

**Relating to** 

\$12,325,000

Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

Certain rights, title and interest of the Missouri Development Finance Board in this Financing Agreement have been pledged and assigned to Commerce Bank, N.A., Kansas City, Missouri, as Trustee under a Bond Trust Indenture dated as of April 1, 2008, between the Board and the Trustee.

# FINANCING AGREEMENT

# TABLE OF CONTENTS

.

# ARTICLE I

# DEFINITIONS

| Section 1.1. | Definitions of Words and Terms | . 2 |
|--------------|--------------------------------|-----|
| Section 1.2. | Rules of Interpretation        | . 2 |

# ARTICLE II

# REPRESENTATIONS

| Section 2.1. | Representations by the Board | 2 |
|--------------|------------------------------|---|
|              | Representations by the City  |   |
| Section 2.3. | Survival of Representations  | 3 |

# **ARTICLE III**

# THE LOAN; PAYMENT OF THE SERIES 2008D BONDS; ISSUANCE OF THE SERIES 2008D BONDS

| Section 3.1. | Amount and Source of the Loan; Issuance of Bonds         | 3 |
|--------------|--|---|
| Section 3.2. | Loan Payments  | 4 |
| Section 3.3. | Credits on Loan Payments                                 |   |
| Section 3.4. | Additional Payments                                      |   |
| Section 3.5. | Annual Appropriations                                    | 5 |
| Section 3.6. | Annual Budget Request                                    |   |
| Section 3.7. | Loan Payments to Constitute Current Expenses of the City |   |

### ARTICLE IV

# SECURITY FOR THE LOAN

| Section 4.1. | Security for the Loan | 7 | 1 |
|--------------|-----------------------|---|---|
|--------------|-----------------------|---|---|

# ARTICLE V

### TERM

| Section 5.1. | Term of Financing | Agreement | 7 |
|--------------|-------------------|-----------|---|
|--------------|-------------------|-----------|---|

# ARTICLE VI

# GENERAL COVENANTS AND PROVISIONS

| Section 6.1. | Information. Provided to the Board and the Trustee | 8 |
|--------------|--|---|
| Section 6.2. | Indemnification                                    | 8 |
| Section 6.3. | Continuing Disclosure                              | 9 |

### **ARTICLE VII**

# **ADDITIONAL BONDS**

| Section 7.1. | Additional Bonds | 9 |
|--------------|------------------|---|
|--------------|------------------|---|

# **ARTICLE VIII**

# ASSIGNMENT OF BOARD'S RIGHTS UNDER FINANCING AGREEMENT

| Section 8.1. | Assignment by the Board 10                |
|--------------|---|
| Section 8.2. | Restriction on Transfer of Board's Rights |

### ARTICLE IX

# **EVENTS OF DEFAULT AND REMEDIES**

| Section 9.1. | Events of Default Defined                     | . 10 |
|--------------|---|------|
| Section 9.2. | Remedies on Default                           | . 10 |
| Section 9.3. | No Remedy Exclusive                           | . 11 |
| Section 9.4. | Agreement to Pay Attorneys' Fees and Expenses |      |
| Section 9.5. | Board and City to Give Notice of Default      |      |
| Section 9.6. | Performance of the City's Obligations         |      |
| Section 9.7. | Remedial Rights Assigned to the Trustee       |      |

### ARTICLE X

# PREPAYMENT AND ACCELERATION OF LOAN PAYMENTS

| Section 10.1. | Prepayment at the Option of the City                        | 12 |
|---------------|---|----|
| Section 10.2. | Mandatory Prepayment to Satisfy Scheduled Mandatory Sinking |    |
|               | Fund Redemption Requirements                                | 12 |
| Section 10.3  | Right to Prepay at Any Time                                 | 13 |
| Section 10.4. | Notice of Prepayment  |    |
| Section 10.5. | Precedence of this Article                                  | 13 |

# ARTICLE XI

# SUPPLEMENTAL FINANCING AGREEMENTS

| Section 11.1. | Supplemental    | Financing   | Agreements      | without    | Consent   | of |    |
|---------------|-----------------|-------------|-----------------|------------|-----------|----|----|
|               | Bondowners      |             |                 |            |           |    | 13 |
| Section 11.2. | Supplemental F  | inancing Ag | reements with ( | Consent of | Bondowner | ٢۶ | 14 |
| Section 11.3. | Execution of Su | upplemental | Financing Agre  | ements     |           |    | 14 |

| Section 11.4. | Effect of Supplemental Financing Agreements             | 15 |
|---------------|---|----|
| Section 11.5. | Reference in Bonds to Supplemental Financing Agreements | 15 |

# ARTICLE XII

# MISCELLANEOUS

| Section 12.1.  | Authorized Representatives                                 | 15  |
|----------------|--|-----|
| Section 12.2.  | Notices  | 15  |
| Section 12.3.  | Performance Date Not a Business Day                        | 15  |
| Section 12.4.  | Binding Effect   | 15  |
| Section 12.5.  | Execution in Counterparts                                  |     |
| Section 12.6.  | No Pecuniary Liability                                     |     |
| Section 12.7.  | Extent of Covenants of the Board; No Personal or Pecuniary |     |
|                | Liability  | 16  |
| Section 12.8.  | Net Loan   | 16  |
| Section 12.9.  | Complete Agreement   | 16  |
| Section 12.10. | Severability   | 16  |
| Section 12.11. | Governing Law  | 17  |
| Section 12.12. | Third Party Beneficiaries                                  | 17  |
| Section 12.13. | Electronic Storage of Documents                            | 17  |
|                | Signatures and Seals                                       | S-1 |

#### FINANCING AGREEMENT

THIS FINANCING AGREEMENT, dated as of April 1, 2008 ("Financing Agreement"), between the MISSOURI DEVELOPMENT FINANCE BOARD, a body corporate and politic organized and existing under the laws of the State of Missouri (the "Board"), and the CITY OF INDEPENDENCE, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "City");

#### WITNESSETH:

WHEREAS, the Board is authorized and empowered under the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended ("Act"), to issue revenue bonds for the purpose of providing funds to finance and refinance the costs of certain "projects" as defined in the Act (which includes "infrastructure facilities" as defined in the Act) and to pay certain costs related to the issuance of such revenue bonds; and

WHEREAS, the City has requested that the Board assist in the financing of the Project described herein through the issuance of the Board's Infrastructure Facilities Revenue Bonds, being described as the Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2008D, in the original principal amount of \$12,325,000 (the "Series 2008D Bonds"); and

WHEREAS, the governing body of the Board passed and approved a Resolution on February 19, 2008, authorizing the Board to issue the Series 2008D Bonds pursuant to the Bond Trust Indenture dated of even date herewith (the "Indenture") between the Board and Commerce Bank, N.A., as Trustee; and

WHEREAS, pursuant to such Resolution, the Board is authorized (i) to execute and deliver the Indenture for the purpose of issuing and securing the Series 2008D Bonds, and (ii) to enter into this Financing Agreement, under which the Board will loan the proceeds of the Series 2008D Bonds to the City in accordance with the provisions of this Financing Agreement to finance the Project, in consideration of payments to be made by the City to the Trustee which are to be sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2008D Bonds as the same become due; and

WHEREAS, the City, by Ordinance No. 16973 of the City passed by the City Council on March 17, 2008, approved the issuance of the Series 2008D Bonds and the execution and delivery of certain documents, including this Financing Agreement, and directed the City Manager to include in each future budget submitted to the council an appropriation for all payments required under this Financing Agreement; and

WHEREAS, pursuant to the foregoing, the Board desires to loan the proceeds of the Series 2008D Bonds to the City, and the City desires to borrow the proceeds of the Series 2008D Bonds from the Board, to be repaid by the City upon the terms and conditions hereinafter set forth, all for the purpose of providing funds to (a) finance the Project, (b) pay a portion of the interest on the Series 2008D Bonds, and (c) pay certain costs related to the issuance of the Series 2008D Bonds; and

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the Board and the City, do hereby represent, covenant and agree as follows:

#### **ARTICLE I**

### **DEFINITIONS**

Section 1.1. Definitions of Words and Terms. Capitalized terms not defined in this Financing Agreement shall have the meanings set forth in the Indenture.

#### Section 1.2. Rules of Interpretation.

For all purposes of this Financing Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Words importing the singular number shall include the plural and vice versa and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

(c) The table of contents hereto and the headings and captions herein are not a part of this document.

(d) Terms used in an accounting context and not otherwise defined shall have the meaning ascribed to them by generally accepted principles of accounting.

#### **ARTICLE II**

#### REPRESENTATIONS

Section 2.1. Representations by the Board. The Board represents and warrants to the City and the Trustee as follows:

(a) Organization and Authority. The Board (1) is a body corporate and politic duly organized and existing under the laws of the State of Missouri, and (2) has lawful power and authority to enter into, execute and deliver this Financing Agreement and the Indenture and to carry out its obligations hereunder and thereunder, and (3) by all necessary action has been duly authorized to execute and deliver this Financing Agreement and all Transaction Documents required to be executed and delivered by it in connection with the issuance of the Series 2008D Bonds (collectively, the "Board Documents"), acting by and through its duly authorized officers.

(b) No Defaults or Violations of Law. The execution and delivery of this Financing Agreement and the other Board Documents by the Board will not result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Board is a party or by which it or any of its property is bound or its bylaws or any of the constitutional or statutory laws, rules or regulations applicable to the Board or its property.

Section 2.2. Representations by the City. The City represents and warrants to the Board and the Trustee as follows:

(a) Organization and Authority. The City (1) is a constitutional charter city and political subdivision duly organized and validly existing under the laws of the State of Missouri, and (2) has lawful power and authority to enter into, execute and deliver this Financing Agreement and all other Transaction Documents required to be executed and delivered by it in connection with the issuance of the Series 2008D Bonds (collectively, the "City Documents") and to carry out its obligations hereunder and thereunder, and (3) by all necessary action has been duly authorized to execute and deliver this Financing Agreement and the other City Documents, acting by and through its duly authorized officers.

(b) No Defaults or Violations of Law. The execution and delivery of this Financing Agreement and the other City Documents by the City will not conflict with or result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the City is a party or by which it or any of its property is bound or its charter, or any of the laws, rules or regulations applicable to the City or its property.

(c) *Public Purpose*. The City believes that the appropriation of revenues to pay its obligations under this Financing Agreement is an essential public purpose.

(d) No Litigation. To the knowledge of the City, there is no litigation or proceeding pending or threatened against the City or any other person affecting the right of the City to execute this Financing Agreement or the other City Documents or the ability of the City to make the Loan Payments or to otherwise comply with the obligations under this Financing Agreement or the other City Documents. Neither the execution and delivery of this Financing Agreement by the City, nor compliance by the City with its obligations under this Financing Agreement require the approval of any regulatory body, or any other entity, which approval has not been obtained.

Section 2.3. Survival of Representations. All representations of the Board and the City contained in this Financing Agreement or in any certificate or other instrument delivered by any such entity pursuant to this Financing Agreement or any other Transaction Document, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Series 2008D Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations.

### **ARTICLE III**

# THE LOAN; PAYMENT OF THE SERIES 2008D BONDS; ISSUANCE OF THE SERIES 2008D BONDS

Section 3.1. Amount and Source of the Loan; Issuance of Bonds. The Board agrees to lend to the City, upon the terms and conditions herein and in the Indenture specified, the net proceeds received by the Board from the sale of the Series 2008D Bonds (the "Loan"). In order to provide funds to make the Loan and finance the Costs of the Project, the Board agrees that it will issue, sell and deliver the Series 2008D Bonds to the Original Purchaser. The proceeds of the sale of the Series 2008D Bonds shall be paid over to the Trustee for the account of the Board and shall be administered, disbursed and applied for the payment of the Costs of the Project and other purposes upon the terms and in the manner as provided in the Indenture and in this Financing Agreement.

Section 3.2. Loan Payments. Subject to the limitations of Sections 3.5, 3.7 and 4.1 hereof, the City shall pay the following amounts to the Trustee, all as "Loan Payments" under this Financing Agreement:

(a) Debt Service Fund -- Interest: On or before 10:00 a.m. on or before the Business Day preceding each April 1 and October 1, commencing October 1, 2008, an amount which is not less than the interest to become due on the next interest payment date on the Series 2008D Bonds; provided, however that the City may be entitled to certain credits on such payments as permitted under Section 3.3 of this Financing Agreement.

(b) Debt Service Fund -- Principal: On or before 10:00 a.m. on or before the Business Day preceding each April 1 and October 1, commencing October 1, 2009, an amount which is not less than the next installment of principal due on the Series 2008D Bonds on the next principal payment date by maturity or mandatory sinking fund redemption; provided, however, that the City may be entitled to certain credits on such payments as permitted under Section 3.3 of this Financing Agreement.

(c) Debt Service Fund - Redemption: On or before 10:00 a.m. on or before the Business Day preceding the date required by this Financing Agreement or the Indenture, the amount of any Net Proceeds or other moneys received which is intended or required to redeem Series 2008D Bonds then Outstanding if the City exercises its right to redeem Series 2008D Bonds under any provision of the Indenture or if any Series 2008D Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Indenture.

Notwithstanding any schedule of payments upon the Loan set forth in this Financing Agreement or the Indenture, the City shall make payments upon the Loan and shall be liable therefor at the times and in the amounts (including interest, principal, and redemption premium, if any) equal to the amounts to be paid as interest, principal and redemption premium, if any, whether at maturity or by optional or mandatory redemption upon all Bonds from time to time Outstanding under the Indenture.

Any Supplemental Financing Agreement shall provide for similar deposits into the Debt Service Fund of amounts sufficient to insure the prompt payment of the principal of, premium, if any, and interest on any Additional Bonds as the same become due.

Unpaid Loan Payments shall bear interest at the Prime Rate. Any interest charged and collected on an unpaid Loan Payment shall be deposited to the credit of the Debt Service Fund and applied to pay interest on overdue amounts in accordance with the Indenture.

The City and the Board each acknowledge that they have no interest in the Debt Service Fund or the Rebate Fund, and any moneys deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Bondowners and the United States of America as provided in the Indenture.

Section 3.3. Credits on Loan Payments. Notwithstanding any provision contained in this Financing Agreement or in the Indenture to the contrary, in addition to any credits on the Loan resulting from the payment or prepayment of Loan Payments from other sources:

(a) any moneys deposited (including earnings thereon) by the Trustee in the Debt Service Fund as interest (including moneys received as accrued interest from the sale of the Bonds and any initial deposit of capitalized interest made from the proceeds of the sale of any series of the Bonds) shall be credited against the obligation of the City to pay interest on the Loan as the same becomes due;

(b) any moneys deposited (including earnings thereon) by the Trustee in the Debt Service Fund as principal shall be credited against the obligation of the City to pay the principal of the Loan as the same becomes due in the order of maturity thereof; and

(c) the amount of any moneys transferred by the Trustee from any other fund held under the Indenture and deposited in the Debt Service Fund as interest or principal shall be credited against the obligation of the City to pay interest or principal, as the case may be, as the same become due.

Section 3.4. Additional Payments. Subject to the limitations of Sections 3.5, 3.7 and 4.1 hereof, the City shall pay the following amounts to the following persons, all as "Additional Payments" under this Financing Agreement:

(a) to the Trustee, when due, all reasonable fees and charges for its services rendered under the Indenture, this Financing Agreement and any other Transaction Documents, and all reasonable expenses (including without limitation reasonable fees and charges of any Paying Agent, bond registrar, counsel, accountant, engineer or other person) incurred in the performance of the duties of the Trustee under the Indenture or this Financing Agreement for which the Trustee and other persons are entitled to repayment or reimbursement;

(b) to the Trustee, upon demand, an amount necessary to pay rebatable arbitrage in accordance with the Tax Compliance Agreement and the Indenture;

(c) to the Board, on the Bond Issuance Date, its regular administrative and issuance fees and charges, if any, and all expenses (including without limitation attorney's fees) incurred by the Board in relation to the transactions contemplated by this Financing Agreement and the Indenture, which are not otherwise to be paid by the City under this Financing Agreement or the Indenture;

(d) to the appropriate person, such payments as are required (i) as payment for or reimbursement of any and all reasonable costs, expenses and liabilities incurred by the Board or the Trustee or any of them in satisfaction of any obligations of the City hereunder that the City does not perform, or incurred in the defense of any action or proceeding with respect to the Project, this Financing Agreement or the Indenture, or (ii) as reimbursement for expenses paid, or as prepayment of expenses to be paid, by the Board or the Trustee and that are incurred as a result of a request by the City, or a requirement of this Financing Agreement and that the City is not otherwise required to pay under this Financing Agreement;

(h) to the appropriate person, any other amounts required to be paid by the City under this Financing Agreement or the Indenture; and

(i) any past due Additional Payments shall continue as an obligation of the City until they are paid and shall bear interest at the Prime Rate plus 2% during the period such Additional Payments remain unpaid.

Section 3.5. Annual Appropriations. Except as provided in the second paragraph of Section 4.1, the City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to this Financing Agreement, moneys sufficient to pay all the Loan Payments and reasonably

estimated Additional Payments for the next succeeding Fiscal Year. The City shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the City's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments and Additional Payments reasonably estimated to become due during such Fiscal Year, the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the commencement of its Fiscal Year and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

Annual Budget Request. The City Manager or other officer of the City at any Section 3.6. time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each Fiscal Year in which this Financing Agreement shall be in effect, an appropriation for all payments required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under this Financing Agreement shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate funds to make Loan Payments and Additional Payments, to pay the Loan Payments and Additional Payments hereunder. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments and Additional Payments may be made, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance is directed to do all things lawfully within such person's power to obtain and maintain funds from which the Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

Section 3.7. Loan Payments to Constitute Current Expenses of the City. Except as provided in the second paragraph of Section 4.1, the Board and the City acknowledge and agree that the Loan Payments and Additional Payments hereunder shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments hereunder shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither this Financing Agreement nor the issuance of the Series 2008D Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus

any unencumbered balances from previous years; provided, however, that nothing herein shall be construed to limit the rights of the owners of the Series 2008D Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. Failure of the City to budget and appropriate said moneys on or before the last day of any Fiscal Year shall be deemed an Event of Nonappropriation.

#### **ARTICLE IV**

### SECURITY FOR THE LOAN

Section 4.1. Security for the Loan. Except as provided in the following paragraph, the City's obligations to pay the Loan Payments and Additional Payments described herein and any amounts required to be paid under Section 6.2 or Section 9.4 hereof, as applicable, shall be limited, special obligations of the City payable solely from, and secured as to the payment of principal and interest by, a pledge of, subject to annual appropriation by the City as provided in Section 3.5 hereof, all general fund revenues of the City and from amounts pledged to secure repayment of the Loan as provided in the Authorizing Ordinance. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The City's obligation to pay the Loan Payments and Additional Payments shall not constitute general obligations of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

Notwithstanding the foregoing, CID Sales Tax Revenues are not subject to annual appropriation by the City and are pledged by the City pursuant to the Authorizing Ordinance to secure the Loan Payments and Additional Payments.

The City's obligation to make Loan Payments and Additional Payments is also secured on a subordinate basis by, subject to annual appropriation by the City Council, the CID EATS deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to each Redevelopment Project as provided in the Authorizing Ordinance. The pledge of the CID EATS to make Loan Payments on the Loan shall be junior and subordinate in all respects to the pledge of the CID EATS to make payments on loans incurred by the City either prior or subsequent to the date of this Financing Agreement to fund costs of the Redevelopment Projects other than the Project as provided in the Authorizing Ordinance.

The obligation of the City to use CID Sales Tax Revenues and the CID EATS for the purpose of making Loan Payments and Additional Payments shall be on a parity with use of such funds to make Loan Payments and Additional Payments under any Supplemental Financing Agreement related to the loan of proceeds of any Additional Bonds issued to fund Costs of the Project, to the extent provided in the ordinance authorizing each such loan and related Supplemental Financing Agreement, as provided in the Authorizing Ordinance.

#### **ARTICLE V**

#### TERM

Section 5.1. Term of Financing Agreement. This Financing Agreement shall be effective from and after its execution and delivery and shall continue in full force and effect until the Bonds are deemed to be paid within the meaning of Article X of the Indenture and provision has been made for paying all other sums payable by the City to the Board, the Trustee and the Paying Agent for the Bonds under this Financing Agreement and the Indenture. All agreements, covenants, representations and

certifications by the City as to all matters affecting the status of the interest on the Series 2008D Bonds shall survive the termination of this Financing Agreement and the defeasance of the Series 2008D Bonds.

#### **ARTICLE VI**

### GENERAL COVENANTS AND PROVISIONS

Section 6.1. Information Provided to the Board and the Trustee. The City shall furnish to the Board and the Trustee written notice of any Event of Nonappropriation as soon as practicable, but in no event more than 5 days after such Event of Nonappropriation.

The City will at any and all times, upon the written request of the Trustee or the Board and at the expense of the City, permit the Trustee and the Board by their representatives to inspect the properties, books of account, records, reports and other papers of the City, and to take copies and extracts therefrom, and will promptly afford and procure a reasonable opportunity to make any such inspection, and the City will furnish to the Board and the Trustee any and all information as the Board or the Trustee may reasonably request with respect to the performance by the City of its covenants in this Financing Agreement.

#### Section 6.2. Indemnification.

The City releases the Board and the Trustee from, agrees that the Board and the Trustee (a) shall not be liable for, and indemnifies the Board and the Trustee against, all liabilities, losses, damages (including attorneys' fees), causes of action, suits, claims, costs and expenses, demands and judgments of any nature imposed upon or asserted against the Board or the Trustee, on account of: (i) any breach or default on the part of the City in the performance of any covenant or agreement of the City under this Financing Agreement or any related document, or arising from any act or failure to act by the City, or any of its agents, contractors, servants, employees or licensees (including, without limitation, any failure to comply or any violation, actual or alleged, in connection with Environmental Regulations); (ii) matters regarding the authorization, issuance and sale of the Series 2008D Bonds attributable to the City, and the provision of any information furnished by the City in connection therewith concerning the Project or the City or arising from (1) any errors or omissions by the City such that the Series 2008D Bonds, when delivered to the Bondowners, are not validly issued and binding obligations of the Board, or (2) any fraud or misrepresentations or omissions contained in the proceedings of the Board furnished by or attributable to the City relating to the issuance of the Series 2008D Bonds or pertaining to the financial condition of the City which, if known to the original purchaser of the Series 2008D Bonds, might be considered a material factor in its decision to purchase the Series 2008D Bonds.

(b) The City agrees to indemnify the Trustee for and to hold it harmless against all liabilities, claims, costs and expenses incurred without negligence or willful misconduct on the part of the Trustee, on account of any action taken or omitted to be taken by the Trustee in accordance with the terms of this Financing Agreement, the Series 2008D Bonds, the Indenture or any other Transaction Document or any action taken at the request of or with the consent of the City, including the costs and expenses (including, without limitation, reasonable compensation, expenses and disbursements of its agents and counsel) of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under this Financing Agreement, the Series 2008D Bonds or the Indenture.

(c) In case any action or proceeding is brought against the Trustee in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action

or proceeding to the City, and the City upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure of a party to give that notice shall not relieve the City from any of their obligations under this Section unless that failure prejudices the defense of the action or proceeding by the City. At its own expense, an indemnified party may employ separate legal counsel and participate in the defense; provided, however, in the event the City shall fail to employ counsel or such counsel shall fail to actively defend such actions or protect the Board or the Trustee, or both, the Board or the Trustee may employ counsel at the expense of the City to defend such action. The City shall not be liable for any settlement without its consent.

(d) The indemnification set forth above is intended to and shall include the indemnification of all affected officials, directors, officers, attorneys, accountants, financial advisors, staff and employees of the Board and the Trustee, respectively. That indemnification is intended to and shall be enforceable by the Board and the Trustee, respectively, to the full extent permitted by law.

Section 6.3. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Financing Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an event of default under this Financing Agreement; however, the Trustee may (and, at the request of the Underwriter or the owners of at least 25% aggregate principal amount in Outstanding Bonds, shall) or any bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Section 6.4 Project Completion. If the proceeds of the Series 2008D Bonds and any Additional Bonds shall be insufficient to complete the Project, the City shall pay, but only from legally available funds, the full amount of any such deficiency by making payments directly to the contractors and suppliers of materials and services as the same shall become due.

### **ARTICLE VII**

#### **ADDITIONAL BONDS**

Section 7.1. Additional Bonds. The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds for the purposes and upon the terms and conditions provided in Section 203 of the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Board and the City; (2) the Board and the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of this Financing Agreement; and (3) the Board and the City shall have otherwise complied with the provisions of this Financing Agreement and Section 203 of the Indenture with respect to the issuance of such Additional Bonds.

#### **ARTICLE VIII**

### ASSIGNMENT OF BOARD'S RIGHTS UNDER FINANCING AGREEMENT

Section 8.1. Assignment by the Board. The Board, by means of the Indenture and as security for the payment of the principal of, purchase price, and redemption premium, if any, and interest on the Series 2008D Bonds, will assign, pledge and grant a security interest in all of its rights, title and interests in, to and under this Financing Agreement, including Loan Payments and Additional Payments and other revenues, moneys and receipts received by it pursuant to this Financing Agreement, to the Trustee (reserving its Unassigned Board's Rights) for the benefit of the bondowners.

Section 8.2. Restriction on Transfer of Board's Rights. The Board will not sell, assign, transfer or convey its interests in this Financing Agreement except pursuant to the Indenture.

### **ARTICLE IX**

### **EVENTS OF DEFAULT AND REMEDIES**

**Section 9.1.** Events of Default Defined. The term "Event of Default" or "Default" shall mean any one or more of the following events:

(a) Failure by the City to make timely payment of any Loan Payment.

(b) Failure by the City to make any Additional Payment when due and, after notice of such failure, the City shall have failed to make such payment within 10 days following the due date.

(c) Failure by the City to observe and perform any covenant, condition or agreement on the part of the City under this Financing Agreement or the Indenture, other than as referred to in the preceding subparagraphs (a) and (b) of this Section, for a period of 30 days after written notice of such default has been given to the City by the Trustee or the Board during which time such default is neither cured by the City nor waived in writing by the Trustee and the Board, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee and the Board may consent in writing to an extension of such time prior to its expiration and the Trustee and the Board will not unreasonably withhold their consent to such an extension if corrective action is instituted by the City within the 30-day period and diligently pursued to completion and if such consent, in their judgment, does not materially adversely affect the interests of the bondowners.

(d) Any representation or warranty by the City herein or in any certificate or other instrument delivered under or pursuant to this Financing Agreement or the Indenture or in connection with the financing of the Project shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless waived in writing by the Board and the Trustee or cured by the City, if such representation or warranty can be cured to the satisfaction of the Board and the Trustee within 30 days after notice thereof has been given to the City.

Section 9.2. Remedies on Default. Subject to the provisions of Section 9.7 hereof, whenever any Event of Default shall have occurred and be continuing, the Trustee, as the assignee of the Board,

may take any one or more of the following remedial steps; provided that if the principal of all Bonds then Outstanding and the interest accrued thereon shall have been declared immediately due and payable pursuant to the provisions of **Section 702** of the Indenture, all Loan Payments for the remainder of the Loan Term shall become immediately due and payable without any further act or action on the part of the Board or the Trustee and the Trustee may immediately proceed (subject to the provisions of **Section 9.7** hereof) to take any one or more of the remedial steps set forth in subparagraph (b) of this Section:

(a) By written notice to the City declare the outstanding principal of the Loan due in such Fiscal Year to be immediately due and payable, together with interest on overdue payments of principal and redemption premium, if any, and, to the extent permitted by law, interest, at the rate or rates of interest specified in the respective Bonds or the Indenture, without presentment, demand or protest, all of which are expressly waived.

(b) Take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth herein or in the Indenture, as may appear necessary or desirable to collect the amounts payable pursuant to this Financing Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the City under this Financing Agreement or the Indenture.

In the enforcement of the remedies provided in this Section, the Trustee may treat all fees, costs and expenses of enforcement, including reasonable legal, accounting and advertising fees and expenses, as Additional Payments then due and payable by the City.

Any amount collected pursuant to action taken under this Section shall be paid to the Trustee and applied, first, to the payment of any costs, expenses and fees incurred by the Board or the Trustee as a result of taking such action and, next, any balance shall be used to satisfy any Loan Payments then due by payment into the Debt Service Fund and applied in accordance with the Indenture and, then, to satisfy any other Additional Payments then due or to cure any other Event of Default.

Notwithstanding the foregoing, the Trustee shall not be obligated to take any step that in its opinion will or might cause it to expend time or money or otherwise incur liability, unless and until indemnity satisfactory to it has been furnished to the Trustee at no cost or expense to the Trustee, as provided in Section 802(e), Section 802(k) and Section 804 of the Indenture.

The provisions of this Section are subject to the limitation that the annulment of a declaration that the Bonds are immediately due and payable shall automatically constitute an annulment of any corresponding declaration made pursuant to subparagraph (a) of this Section and a waiver and rescission of the consequences of such declaration and of the Event of Default with respect to which such declaration has been made, provided that no such waiver or rescission shall extend to or affect any other or subsequent Default or impair any right consequent thereon. In the event any covenant, condition or agreement contained in this Financing Agreement shall be breached or any Event of Default shall have occurred and such breach or Event of Default shall thereafter be waived by the Trustee, such waiver shall be limited to such particular breach or Event of Default.

Section 9.3. No Remedy Exclusive. Subject to the provisions of Section 9.7 hereof, no remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon a Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be

exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 9.4. Agreement to Pay Attorneys' Fees and Expenses. In connection with any Event of Default by the City, if the Board or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the City herein contained, the City agrees that it will, on demand therefor, pay to the Board and the Trustee the reasonable fees of such attorneys and such other reasonable fees, costs and expenses so incurred by the Board and the Trustee.

Section 9.5. Board and City to Give Notice of Default. The Board and the City shall each, at the expense of the City, promptly give to the Trustee written notice of any Default of which the Board or the City, as the case may be, shall have actual knowledge or written notice, but the Board shall not be liable for failing to give such notice.

Section 9.6. Performance of the City's Obligations. If the City shall fail to keep or perform any of its obligations as provided in this Financing Agreement, then the Board or the Trustee may (but shall not be obligated so to do), upon the continuance of such failure on the City's part for 15 days after notice of such failure is given to the City by the Board or the Trustee, and without waiving or releasing the City from any obligation hereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by the Board or the Trustee and all necessary incidental costs and expenses incurred by the Board or the Trustee in performing such obligations shall be deemed to be Additional Payments and shall be paid to the Board or the Trustee plus interest at the Prime Rate plus 2% on demand.

Section 9.7. Remedial Rights Assigned to the Trustee. Upon the execution and delivery of the Indenture, the Board will thereby have assigned to the Trustee all rights and remedies conferred upon or reserved to the Board by this Financing Agreement, reserving only the Unassigned Board's Rights. The Trustee shall have the exclusive right to exercise such rights and remedies conferred upon or reserved to the Board by this Financing Agreement in the same manner and to the same extent, but under the limitations and conditions imposed thereby and hereby. The Trustee and the bondowners shall be deemed third party creditor beneficiaries of all representations, warranties, covenants and agreements contained herein.

### ARTICLE X

### PREPAYMENT AND ACCELERATION OF LOAN PAYMENTS

Section 10.1. Prepayment at the Option of the City. Upon the exercise by the City of its option to cause the Series 2008D Bonds or any portion thereof to be redeemed pursuant to Section 302(a) of the Indenture, the City shall prepay Loan Payments in whole or in part at the times and at the prepayment prices sufficient to redeem all or a corresponding portion of the Series 2008D Bonds then Outstanding in accordance with said paragraph. At the written direction of the City such prepayments shall be applied to the redemption of the Series 2008D Bonds in whole or in part in accordance with said Section.

Section 10.2. Mandatory Prepayment to Satisfy Scheduled Mandatory Sinking Fund Redemption Requirements. The City shall prepay Loan Payments at the times, in the amounts and at the prepayment prices sufficient to redeem corresponding portions of the Series 2008D Bonds in accordance with **Section 302(b)** of the Indenture. The City shall be entitled to all credits on such prepayment of a portion of Loan Payments, as set forth in said Section, and the City shall comply with all terms and provisions of said Section.

Section 10.3 , Right to Prepay at Any Time. The City shall have the option at any time to prepay all of the Loan Payments, Additional Payments and other amounts it is required to pay hereunder by paying to the Trustee all such sums as are sufficient to satisfy and discharge the Indenture and paying or making provision for the payment of all other sums payable hereunder.

Section 10.4. Notice of Prepayment. To exercise an option granted by Section 10.1 or 10.3, the City shall give written notice to the Board and the Trustee which shall specify therein the date upon which a prepayment of Loan Payments will be made, which date shall be not less than 45 days from the date the notice is received by the Trustee. In the Indenture, the Board has directed the Trustee to forthwith take all steps (other than the payment of the money required to redeem the Series 2008D Bonds) necessary under the applicable provisions of the Indenture to effect any redemption of the then Outstanding Bonds, in whole, or in part, pursuant to Section 302 of the Indenture.

Section 10.5. Precedence of this Article. The rights, options and obligations of the City set forth in this Article may be exercised or shall be fulfilled, as the case may be, whether or not a Default exists hereunder, provided that such Default will not result in nonfulfillment of any condition to the exercise of any such right or option.

### ARTICLE XI

### SUPPLEMENTAL FINANCING AGREEMENTS

Section 11.1. Supplemental Financing Agreements without Consent of Bondowners. Without the consent of the owners of any Bonds, the Board and the City may from time to time enter into one or more Supplemental Financing Agreements, for any of the following purposes:

(a) to subject to this Financing Agreement additional property or to more precisely identify any project financed or refinanced out of the proceeds of any series of Bonds, or to substitute or add additional property thereto; or

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of the Loan, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed; or

(c) in connection with the issuance of any Additional Bonds, to make such other provisions as provided in Section 7.1; or

(d) to evidence the succession of another entity to the City and the assumption by any such successor of the covenants of the City herein contained; or

(e) to add to the covenants of the City or to the rights, powers and remedies of the Trustee for the benefit of the owners of all or any series of Bonds or to surrender any right or power herein conferred upon the City; or

(f) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or to make any other provisions, with respect to matters or questions arising under this Financing Agreement, which shall not be inconsistent with the provisions of this Financing Agreement, provided such action shall not adversely affect the interests of the owners of the Bonds.

Section 11.2. Supplemental Financing Agreements with Consent of Bondowners. With the prior written consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Financing Agreement, the Board and the City may enter into Supplemental Financing Agreements, in form satisfactory to the Trustee, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Financing Agreement or of modifying in any manner the rights of the Trustee and the owners of the Bonds under this Financing Agreement; provided, however, that no such Supplemental Financing Agreement shall, without the consent of the owner of each Outstanding Bond affected thereby:

(a) change the stated maturity of the principal of, or any installment of interest on, the Loan, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, the Loan, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Financing Agreement, or the consent of whose owners is required for any waiver provided for in this Financing Agreement of compliance with certain provisions of this Financing Agreement or certain defaults hereunder and their consequences; or

(c) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Financing Agreement cannot be modified or waived without the consent of the owner of each Bond affected thereby.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Financing Agreement and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds under this Section to approve the particular form of any proposed Supplemental Financing Agreement, but it shall be sufficient if such act shall approve the substance thereof.

Section 11.3. Execution of Supplemental Financing Agreements. In executing or consenting to any Supplemental Financing Agreement permitted by this Article, the Board and the Trustee shall be entitled to receive, and, subject to Article VIII of the Indenture, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Financing Agreement is authorized and permitted by and in compliance with this Financing Agreement. The Trustee may, but shall not be obligated to, consent to any such Supplemental Financing Agreement which affects the Trustee's own rights, duties or immunities under this Financing Agreement, the other Transaction Documents or otherwise.

Section 11.4. Effect of Supplemental Financing Agreements. Upon the execution of any Supplemental Financing Agreement under this Article, this Financing Agreement shall be modified in accordance therewith and such Supplemental Financing Agreement shall form a part of this Financing Agreement for all purposes; and the City, the Board, the Trustee and every owner of Bonds theretofore or thereafter authenticated and delivered under the Indenture shall be bound thereby.

Section 11.5. Reference in Bonds to Supplemental Financing Agreements. Bonds authenticated and delivered after the execution of any Supplemental Financing Agreement pursuant to this Article may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Financing Agreement. If the Board shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board, to any such Supplemental Financing Agreement may be prepared and executed by the Board and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

### **ARTICLE XII**

#### MISCELLANEOUS

Section 12.1. Authorized Representatives. Whenever under this Financing Agreement the approval of the Board is required or the Board is required or permitted to take some action, such approval shall be given or such action shall be taken by the Board Representative, and the City and the Trustee shall be authorized to act on any such approval or action. Any approval shall not be unreasonably withheld or delayed.

Whenever under this Financing Agreement the approval of the City is required or the City is required or permitted to take some action, such approval shall be given or such action shall be taken by the City Representative, and the Board and the Trustee shall be authorized to act on any such approval or action.

Section 12.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered by hand delivery or overnight delivery service or received by registered or certified mail, postage prepaid, return receipt requested, addressed as specified in Section 1101 of the Indenture. A duplicate copy of each notice, certificate or other communication given hereunder to any party mentioned in said Section 1101 shall be given to all other parties mentioned therein (other than the bondowners unless a copy is required to be furnished to them by other provisions of this Financing Agreement). The Board, the City or the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent to it.

Section 12.3. Performance Date Not a Business Day. If any date for the payment of principal of, or redemption premium, if any, or interest on the Series 2008D Bonds or the taking of any other action hereunder is not a Business Day, then such payment shall be due, or such action shall be taken, on the first Business Day thereafter with the same force and effect as if made on the date fixed for payment or performance.

Section 12.4. Binding Effect. This Financing Agreement shall inure to the benefit of and shall be binding upon the Board and the City and their respective successors and assigns.

Section 12.5. Execution in Counterparts. This Financing Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.6. No Pecuniary Liability. All covenants, obligations and agreements of the City contained in this Financing Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future councilmember, commissioner, director, officer, agent or employee of the City other than in their official capacity.

Section 12.7. Extent of Covenants of the Board; No Personal or Pecuniary Liability. All covenants, obligations and agreements of the Board contained in this Financing Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future director, officer, agent or employee of the Board in other than his official capacity, and no official executing the Series 2008D Bonds shall be liable personally on the Series 2008D Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Board contained in this Financing Agreement or in the Indenture. No provision, covenant or agreement contained in this Financing Agreement, the Indenture or the Series 2008D Bonds, or any obligation herein or therein imposed upon the Board, or the breach thereof, shall constitute or give rise to or impose upon the Board a pecuniary liability or a charge. No provision hereof shall be construed to impose a charge against the general credit of the Board or any personal or pecuniary liability upon any director, officer, agent or employee of the Board.

Section 12.8. Net Loan. Subject to the limitations described in Sections 3.5, 3.7, 3.8 and 4.1, the parties hereto agree (a) that the payments of Loan Payments are designed to provide the Board and the Trustee with moneys adequate in amount to pay all principal of, purchase price, redemption premium, if any, and interest accruing on the Series 2008D Bonds as the same become due and payable, (b) that to the extent that the payments of Loan Payments are not sufficient to provide the Board and the Trustee with funds sufficient for the purposes aforesaid, the City shall be obligated to pay (subject with respect to the City to the limitations set forth in Section 3.5 hereof) to, and they do hereby covenant and agree to pay, upon demand therefor, as Additional Payments, such further moneys, in cash, as may from time to time be required for such purposes, and (c) that if after the principal of, redemption premium, if any, and interest on the Series 2008D Bonds and all costs incident to the payment of the Series 2008D Bonds have been paid in full (including all Additional Payments) the Trustee or the Board holds unexpended funds received in accordance with the terms hereof, such unexpended funds shall, after payment therefrom of all sums then due and owing by the City under the terms of this Financing Agreement, be distributed in accordance with Article IV of the Indenture.

Section 12.9. Complete Agreement. The Board and the City understand that oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable. To protect the Board and the City from misunderstanding or disappointment, any agreements the Board and the City reach covering such matters are contained in this Financing Agreement, which is the complete and exclusive statement of the agreement between the Board and the City, except as the Board and the City may later agree in writing to modify this Financing Agreement.

Section 12.10. Severability. If any provision of this Financing Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into or taken thereunder, or any application of such provision, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Financing Agreement or any other

covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into, or taken, each of which shall be construed and enforced as if such illegal or invalid portion were not contained herein. Such illegality or invalidity of any application thereof shall not affect any legal and valid application thereof, and each such provision, covenant, stipulation, obligation, agreement, act or action, or part thereof, shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 12.11. Governing Law. This Financing Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

**Section 12.12.** Third Party Beneficiaries. The Trustee and the bondowners shall be deemed to be third party beneficiaries under this Financing Agreement.

Section 12.13. Electronic Storage of Documents The Board and the City agree that the transaction described herein may be conducted and related documents may be stored by electronic means.

IN WITNESS WHEREOF, the MISSOURI DEVELOPMENT FINANCE BOARD and the CITY OF INDEPENDENCE, MISSOURI have caused this instrument to be executed on their behalf all as of the date first above written.

# MISSOURI DEVELOPMENT FINANCE BOARD

(Seal)

.

By:

Executive Director

**CITY OF INDEPENDENCE, MISSOURI** 

(Seal)

ATTEST:

denne B C City Manager

.

By: BMU Lawy City Clerk

# TAX COMPLIANCE AGREEMENT

Dated as of April 1, 2008

Among

# **MISSOURI DEVELOPMENT FINANCE BOARD,**

# **CITY OF INDEPENDENCE, MISSOURI,**

And

COMMERCE BANK, N.A., as Trustee

\$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

### TAX COMPLIANCE AGREEMENT

.

# TABLE OF CONTENTS

| PARTIES AND RECITALS | 1 |
|----------------------|---|
| PARTIES AND RECITALS |   |

# ARTICLE I

# DEFINITIONS

| Section 1.1. Definitions of Words and | l Terms 1 |
|---------------------------------------|-----------|
|---------------------------------------|-----------|

# ARTICLE II

# GENERAL REPRESENTATIONS AND COVENANTS

| Section 2.1. | Representations and Covenants of the Board   | . 6 |
|--------------|--|-----|
| Section 2.2. | Representations and Covenants of the Trustee | . 8 |
| Section 2.3. | Representations and Covenants of the Trustee | 12  |
| Section 2.4. | Survival of Representations and Covenants    | 12  |

# ARTICLE III

# **ARBITRAGE CERTIFICATIONS AND COVENANTS**

| Section 3.1.  | General   |    |
|---------------|---|----|
| Section 3.2.  | Reasonable Expectations                         |    |
| Section 3.3.  | Purpose of Financing                            | 13 |
| Section 3.4.  | Funds and Accounts                              |    |
| Section 3.5.  | Amount and Use of Bond Proceeds and Other Money |    |
| Section 3.6.  | Multipurpose Issue                              | 14 |
| Section 3.7.  | No Advance Refunding                            | 14 |
| Section 3.8.  | No Current Refunding                            |    |
| Section 3.9.  | Project Completion                              | 14 |
| Section 3.10. | Sinking Funds                                   | 14 |
| Section 3.11. | Reserve, Replacement and Pledged Funds          | 14 |
| Section 3.12. | Purpose Investment Yield                        |    |
| Section 3.13. | Offering Prices and Yield on Bonds              |    |
| Section 3.14. | Miscellaneous Arbitrage Matters                 |    |
| Section 3.15. | Conclusion                                      |    |

# ARTICLE IV

# **ARBITRAGE INVESTMENT INSTRUCTIONS**

| Section 4.1. | Temporary Periods/Yield Restriction                       | 16 |
|--------------|---|----|
| Section 4.2. | Fair Market Value   | 16 |
| Section 4.3. | Certain Gross Proceeds Exempt from the Rebate Requirement | 19 |
| Section 4.4. | Computation and Payment of Arbitrage Rebate               | 20 |
| Section 4.5. | Successor Rebate Analyst                                  | 21 |
| Section 4.6. | Rebate Report Records                                     | 21 |

| Section 4.7. | Filing Requirements       |  |
|--------------|---------------------------|--|
| Section 4.8. | Survival after Defeasance |  |

.

# ARTICLE V

# **MISCELLANEOUS PROVISIONS**

| Section 5.1.  | Term of Tax Agreement                                     |     |
|---------------|---|-----|
| Section 5.2.  | Term of Tax Agreement<br>Amendments                       |     |
| Section 5.3.  | Opinion of Bond Counsel                                   |     |
| Section 5.4.  | Reliance  |     |
| Section 5.5.  | Severability  |     |
| Section 5.6.  | Benefit of Agreement                                      |     |
| Section 5.7.  | Default; Breach and Enforcement                           |     |
| Section 5.8.  | Record Keeping Responsibilities                           |     |
| Section 5.9.  | Execution in Counterparts                                 |     |
| Section 5.10. | Governing Law   |     |
|               | Signatures  | S-1 |
|               | Exhibit A - Debt Service Schedule and Proof of Bond Yield |     |
|               | Exhibit B - IRS Form 8038 G                               |     |
|               | Schedule A Attachment to Form 8038G                       |     |
|               | Exhibit C - Resolution of Official Intent                 |     |

\* \* \*

Exhibit D - Description of Property Comprising the Financed Facility

.

### TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the "Tax Agreement"), entered into as of April 1, 2008, between MISSOURI DEVELOPMENT FINANCE BOARD, a body corporate and politic duly organized and existing under the laws of the State of Missouri (the "Board"), the CITY OF INDEPENDENCE, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "City"), and COMMERCE BANK, N.A., a state banking corporation duly organized and existing under the laws of the Missouri, as Trustee (the "Trustee");

### RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance by the Board of \$12,325,000 principal amount of Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2008D (the "Bonds"), under a Bond Trust Indenture dated the date of this Tax Agreement (the "Indenture") between the Board and the Trustee, for the purpose of making a loan of the proceeds of such Bonds to the City under a Financing Agreement dated the date of this Tax Agreement (the "Financing Agreement") between the Board and the City, to provide funds for certain purposes as described in this Tax Agreement and in the Indenture and the Financing Agreement.

2. The Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the "Regulations"), impose certain limitations on the uses and Investment of the Bond proceeds and of certain other money relating to the Bonds and set forth the conditions under which the interest on the Bonds will be excluded from gross income for federal income tax purposes.

3. The Board, the City and the Trustee are entering into this Tax Agreement in order to set forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the property financed or refinanced with those proceeds and the Investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

**NOW, THEREFORE,** in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Board, the City, and the Trustee represent, covenant and agree as follows:

#### **ARTICLE I**

#### **DEFINITIONS**

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Indenture, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Agreement have the following meanings:

"Adjusted Gross Proceeds" means the Gross Proceeds of the Bonds reduced by amounts (1) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (2) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (3) representing grant repayments or sale or Investment proceeds of any purpose Investment.

"Available Construction Proceeds" means the sale proceeds of the Bonds, increased by (i) Investment earnings on the sale proceeds, (ii) earnings on amounts in a reasonably required reserve or replacement fund allocable to the Bonds but not funded from the Bonds, and (iii) earnings on such earnings, reduced by sale proceeds (A) in any reasonably required reserve fund or (B) used to pay issuance costs of the Bonds.

**"Board"** means the Missouri Development Finance Board and its successors and assigns or any body, agency or instrumentality of the State of Missouri succeeding to or charged with the powers, duties and functions of the Board.

**"Bona Fide Debt Service Fund"** means a fund, which may include Bond proceeds, that (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and (b) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) onetwelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

"Bond" or "Bonds" means any Bond or Bonds described in the recitals, authenticated and delivered under the Indenture.

"Bond Counsel" means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Board.

"Bond Year" means each one-year period (or shorter period for the first Bond Year) ending October 1, or another one-year period selected by the Board.

"CID Financing Project" means all of the public and private improvements and equipment expected to be acquired or constructed under the terms of the CID Plan.

"CID Plan" means the petition for formation of the Independence Events Center Community Improvement District, as originally adopted by the City on December 20, 2007 and as amended or supplemented from time to time.

"City" means City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri, and its successors and assigns and any surviving, resulting or transferee corporation as provided in the Financing Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" means each date on which arbitrage rebate for the Bonds is computed. The Institution may treat any date as a Computation Date, subject to the following limits:

(a) the first rebate installment payment must be made for a Computation Date not later than 5 years after the Issue Date;

- (b) each subsequent rebate installment payment must be made for a Computation Date not later than five years after the previous Computation Date for which an installment payment was made; and
- (c) the date the last Bond is discharged is the final Computation Date.

The Institution selects October 1, 2012 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

"Costs of Issuance Fund" means the Series 2008D Costs of Issuance Account within the Missouri Development Finance Board - City of Independence, Missouri – Events Center Infrastructure Facilities Costs of Issuance Fund.

**"Debt Service Fund"** means the Series 2008D Debt Service Account (and within such account the Series 2008D Capitalized Interest Subaccount) of the Missouri Development Finance Board - City of Independence, Missouri – Events Center Infrastructure Facilities Debt Service Fund.

**"Debt Service Reserve Fund"** means the Series 2008D Debt Service Reserve Account within the Missouri Development Finance Board - City of Independence, Missouri – Events Center Infrastructure Facilities Debt Service Reserve Fund.

**"Final Allocation"** means the final written allocation of proceeds of the Bonds to expenditures for the CID Financing Project as described in Section 2.2(c) of this Tax Agreement.

**"Financed Facility"** means that portion of the CID Financing Project to which the City allocates proceeds of the Bonds pursuant to the Final Allocation, or in absence of a Final Allocation, those costs of the CID Financing Project actually financed or refinanced with the proceeds of the Bonds as described on **Exhibit D**.

**"Financing Agreement"** means the Financing Agreement dated the date of this Tax Agreement, between the Board and the City as from time to time amended by Supplemental Financing Agreements in accordance with the provisions of the Financing Agreement.

"Gross Proceeds" means (a) sale proceeds (any amounts actually or constructively received by the Board from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds, or other Investment proceeds, (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, and (e) any other replacement proceeds.

Specifically, Gross Proceeds includes (but is not limited) to amounts held in the following funds and accounts:

- (1) Project Fund.
- (2) Costs of Issuance Fund.
- (3) Debt Service Fund (which includes the Series 2008D Capitalized Interest Subaccount).
- (4) Debt Service Reserve Fund.
- (5) Rebate Fund (to the extent funded with sale proceeds or investment proceeds of the Bonds).

"Guaranteed Investment Contract" is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

"Indenture" means the Bond Trust Indenture dated as originally executed by the Board and the Bond Trustee, as amended and supplemented by Supplemental Bond Indentures in accordance with the provisions of the Indenture.

"Investment" means any security, obligation, annuity contract or other Investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds, including the Investment element of an interest rate cap agreement. Such term does not include a tax-exempt bond, except for "specified private activity bonds" as such term is defined in Code § 57(a)(5)(C), but does include the Investment element of most interest rate caps.

"IRS" means the United States Internal Revenue Service.

"Issue Date" means April 3, 2008.

"Loan" means the loan of the Bond proceeds made by the Board to the City under the Financing Agreement.

**"Management Agreement"** means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing, or similar services), however, are not treated as Management Agreements.

"Measurement Period" means, with respect to each item of property financed as part of the Financed Facility, the period beginning on the later of (i) the Issue Date or (ii) the date the property is placed in service and ending on or the earlier of (A) the final maturity date of the Bonds or (B) the expected economic useful life of the property.

"Minor Portion" means the lesser of \$100,000 or 5% of the sale proceeds of the Bonds.

"Net Proceeds" means the sale proceeds of the Bonds (excluding pre-issuance accrued interest), less any proceeds deposited in a reasonably required reserve or replacement fund, plus all Investment earnings on such sale proceeds.

"Non-Qualified Use" means use of Bond proceeds or the Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Bond proceeds or the Financed Facility are "used" in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Regulations § 1.141-3.

"Non-Qualified User" means any person or entity other than a Qualified User.

**"Opinion of Bond Counsel"** means the written opinion of Gilmore & Bell, P.C. or other nationally recognized firm of bond counsel. Unless otherwise specifically noted herein an Opinion of Bond Counsel must conclude that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

**"Project Fund"** means the Series 2008D Project Account within the Missouri Development Finance Board - City of Independence, Missouri – Events Center Infrastructure Facilities Project Fund.

"Qualified Use Agreement" means any of the following:

(1) A lease or other short-term use by members of the general public who occupy the Financed Facility on a short-term basis in the ordinary course of the City's governmental purposes.

(2) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby (a) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (b) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(3) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 100 days in length pursuant to arrangements whereby (a) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (b) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (c) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(4) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person.

"Qualified User" means a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

**"Reasonable Retainage"** means Gross Proceeds retained by the Board for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of net sale proceeds of the Bonds on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

**"Rebate Analyst"** means Gilmore & Bell, P.C. or any successor Rebate Analyst selected pursuant to this Tax Agreement.

**"Rebate Fund"** means the Series 2008D Rebate Account within the Missouri Development Finance Board - City of Independence, Missouri – Events Center Infrastructure Facilities Rebate Fund.

"Regulations" means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Bonds.

"Tax Agreement" means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

**"Tax Revenues"** means all incremental tax revenues levied for the purpose of project costs related to the CID Financing Project including (1) CID sales tax revenues, (2) economic activity taxes derived from CID sales tax revenues, and (3) payments in lieu of taxes ("PILOTS").

"Transcript" means the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

"Trustee" means Commerce Bank, N.A., and its successor or successors and any other corporation or association which at any time may be substituted in its place at the time serving as Trustee under the Indenture.

"Underwriter" means Piper Jaffray & Co., underwriter of the Bonds.

"Yield" means Yield on the Bonds, computed under Regulations § 1.148-4, and Yield on an Investment, computed under Regulations § 1.148-5.

#### **ARTICLE II**

## **GENERAL REPRESENTATIONS AND COVENANTS**

Section 2.1. Representations and Covenants of the Board. The Board represents and covenants as follows:

- (a) Organization and Authority. The Board (1) is a body corporate and politic organized and existing under the laws of the State of Missouri, and (2) has lawful power and authority to issue the Bonds for the purposes set forth in the Indenture, to enter into, execute and deliver the Indenture, the Financing Agreement, the Bonds, and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Indenture, the Financing Agreement, acting by and through its duly authorized officials.
- (b) Tax-Exempt Status of Bonds-General Representation and Covenants. In order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the Board (1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code; (2) will not use or

invest, or permit the use or Investment of, any Bond proceeds, other money held under the Indenture, or other funds of the Board, in a manner that would violate applicable provisions of the Code; and (3) will not use, or permit the use of, any portion of the Financed Facility in a manner that would cause any Bond to become a "private activity bond" as defined in Code § 141.

- (c) *Reimbursement of Expenditures*. On November 20, 2007, the Board adopted a resolution attached as **Exhibit C** declaring the intent of the Board to finance the expenditures made by the City pursuant to the CID Plan (which includes the Financed Facility) with tax-exempt bonds and to reimburse the City for expenditures made for the Financed Facility prior to the issuance of such Bonds.
- (d) *Registered Bonds.* The Indenture requires that all of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).
- (e) *Hedge Bonds.* At least 85% of the net sale proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within three years after the Issue Date, and not more than 50% of the proceeds of the Bonds will be invested in Investments having a substantially guaranteed Yield for four years or more.
- (f) Single Issue; No Other Issues. The Bonds constitute a single "issue" under Regulations § 1.150-1(c) for all purposes. No other obligations of the Board (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).
- (g) Bank Qualified Tax-Exempt Obligation. The Bonds are not "qualified tax exempt obligations" under Code § 265(b)(3).
- (h) IRS Form 8038-G. Attached as Exhibit B is a copy of IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) that is being executed by a representative of the Board and which is being filed with the Internal Revenue Service in connection with the issuance of the Bonds as required by Code § 149(e). Bond Counsel prepared Form 8038-G in connection with the issuance of the Bonds. The Board knows of no inaccuracies in the Form 8038-G prepared by Bond Counsel. The Qualified Users of the proceeds of the Bonds and their EIN numbers are set out on the attachment to IRS Form 8038-G.
- (i) Board Reliance on Other Parties. The expectations, representations and covenants of the Board concerning uses of Bond proceeds and certain other moneys described in this Tax Agreement and other matters are based in whole or in part upon covenants, representations and certifications of the City and other parties set forth in this Tax Agreement or exhibits to this Tax Agreement. Although the Board has made no independent investigation of the representations of other parties, the Board is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Agreement or exhibits to this Tax Agreement.
- (j) Compliance with Future Tax Requirements. The Board understands that the Code and the Regulations may impose new or different restrictions and requirements on the Board in

the future. The Board will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Section 2.2. Representations and Covenants of the City. The City represents and covenants to the Board and the Trustee as follows:

- (a) Organization and Authority. The City (1) is a constitutional charter city and political subdivision duly organized and validly existing under the laws of the State of Missouri, (2) has lawful power and authority to enter into, execute and deliver the Financing Agreement and this Tax Agreement and to carry out its obligations under such agreements, and (3) by all necessary action has been duly authorized to execute and deliver the Financing Agreement and this Tax Agreement and this Tax Agreement, acting by and through its duly authorized officials.
- (b) Tax-Exempt Status of Bonds-General Representation and Covenants. In order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the City (1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code; (2) will not use or invest, or permit the use or Investment of, any Bond proceeds, other money held under the Indenture, or other funds of the City, in a manner that would violate applicable provisions of the Code; and (3) will not use, or permit the use of, any portion of the Financed Facility in a manner that would cause any Bond to become a "private activity bond" as defined in Code § 141.

### (c) *Plan of Finance—Final Allocation.*

(1) The Bonds are the first in a number of separate issues of bonds expected to be issued by the Board for the benefit of the City in order to finance a portion of the cost of the CID Financing Project. The major component of the CID Financing Project is a City events center and related infrastructure improvements described in the CID Plan. The events center is expected to consist of a multi-use facility with approximately 190,200 square feet which will include public exhibition space. The public exhibition space will be configured so that it can be used to exhibit hockey games, concerts and other public events. Included in the event center structure is an additional recreational ice rink, and the project will include related infrastructure and transportation facilities designed to facilitate the use of the events center for public events.

(2) The City entered into a memorandum of understanding with Global Entertainment Corporation (including its affiliates and subsidiaries, "Global") related to development and construction of the events center. The memorandum of understanding, contemplates that Global will bring a minor league hockey franchise to play games in the events center. The City is negotiating with Global to determine Global's role in the construction and management of the events Center and may enter into a agreement with Global for Global to consult in the construction and development of the events center. The City anticipates directly entering into contracts for design and construction of the events center and related infrastructure with one or more design professionals and construction contractors, rather than contracting with Global for these services. The City also anticipates that a minor league hockey franchise team will lease a portion of the events center for a certain number of days during the year. The City may enter into a separate long-term management agreement with Global or as subsidiary thereof to manage the operations for all or portions of the events center. As of the Issue Date the terms of the consulting agreement, management agreement and the hockey team lease have not been finalized, but the City believes that it is possible that either or both of the management agreement and hockey team lease could result in private business use of the CID Financing Project.

(3) Construction of the CID Financing Project is expected to commence on or about June 15, 2008. The events center is expected to be completed and placed in service during 2009. The total cost of the CID Financing Project is expected to be \$60,000,000. The acquisition of the land for the events center and a portion of the cost of the events center building and related infrastructure are expected to be funded from the proceeds of the Bonds. As of the Issue Date the IRS has not issued final regulations regarding permitted allocations of Bond proceeds to the various portions of the Financed Facility. However, based on published work plans, the City believes that regulations may be issued prior to the date the events center is placed in service and that the City may wish to take advantage of the regulations in order to more effectively comply with the private business tests. In addition, as of the Issue Date the City has not determined the exact uses and management structure for the events center. Therefore, each of the covenants and representations set forth below regarding private use and private security and payment are not intended to restrict the City's ability, with an Opinion of Bond Counsel, to modify the operational structure of the events center or to target the uses of Bond proceeds to avoid meeting the private business tests in another way. Any such allocation will be in writing and designated as a Final Allocation.

(4) In the absence of a separate Final Allocation, the City expects to allocate proceeds of the Bonds to expenditures as set out on **Exhibit D**, pursuant to documentation provided the Trustee in its requisitions.

(d) Governmental Obligations-Use of Proceeds. Subject to the City's statements in Section 2.2(c), more than 10% of the Financed Facility will be used in a Non-Qualified Use. However, the Bonds will not meet the private security or payment test for the reasons set forth in Section 2.2(e) below.

#### (e) Governmental Obligations–Private Security or Payment – No Impermissible Agreements.

(1) As of the Issue Date the Board expects that not more than 10% of the principal and interest on the Bonds will be (under the terms of the Bonds or any underlying arrangement) directly or indirectly:

(A) secured by (i) any interest in property used or to be used for a private business use, or (ii) any interest in payments in respect of such property; or

(B) derived from payments (whether or not such payments are made to the Board) in respect of property, or borrowed money, used or to be used for a private business use.

(2) For purposes of the forgoing, taxes of general application, including Tax Revenues, are not treated as private payments or as private security. Tax Revenues deposited to a special allocation fund established by the City will be received with respect to the assets financed as part of the CID Financing Project. The City's obligation to make loan payments with respect to the Bonds under the Financing Agreement will be secured by such Tax Revenues. The Tax Revenues are generally applicable taxes because they are an enforced contribution exacted pursuant to legislative authority as part of the taxing power, are imposed and collected for the purpose of raising revenue to be used for governmental purposes, have a uniform rate of collection that applies to all persons of the same classification in the appropriate jurisdiction and have a generally applicable manner of collection and determination. No taxpayer has entered into any "impermissible agreement" relating to the payment of the Tax Revenues. An "impermissible agreement" generally includes any agreement described in Regulations § 1.141-4(e)(4)(ii), including the following:

(A) An agreement to be personally liable for a tax that does not impose personal liability.

(B) An agreement to provide additional credit support such as a guaranty or to pay unanticipated shortfalls in tax collections.

(C) An agreement as to the minimum market value of property subject to a property tax.

(D) An agreement not to challenge or to seek deferral of a tax.

(E) Any similar agreement that causes a tax to fail to have a generally applicable manner of determination or collection.

(3) For purposes of the forgoing, the City recognizes that payments derived from the operation of the Financed Facility in a private business use (including use occurring as a result of a management contract or a lease) that directly or indirectly are paid to or benefit the City are included in determining whether the 10% limitation on private payments has been exceeded, except to the extent such payments do not exceed the ordinary and necessary operating expenses (as defined in §162 of the Code) incurred in connection with the operation of the Financed Facility in a private business use.

(4) The City agrees that as part of its ongoing recordkeeping requirements it will keep written records and adequate substantiation of the aggregate amount of payments actually received in any private business use of the events center and the actual amount of costs incurred in ordinary and necessary operating expenses of the events center.

- (f) *No Private Loan.* Not more than 5% of the Net Proceeds of the Bonds will be loaned directly or indirectly to any Non-Qualified User.
- (g) Management Agreements. As of the Issue Date the City has no Management Agreements with Non-Qualified Users. Subsequent to the issuance of the Bonds, the City anticipates entering into a Management Agreement with Global Entertainment Corporation or another management firm for the purpose of providing operations, management, marketing and other services for the events center. Prior to executing any management agreement related to the Financed Facility the City will obtain an opinion of Bond Counsel that the terms of the agreement will not result in private business use of the Financed Facility or that under the terms of the Management Agreement direct or indirect

payments to or for the benefit of the City have been limited so that the limitation on private payments set out in 2.2(e)(1) will not be exceeded.

- (h) Leases. As of the Issue Date the City has not entered into any leases of any portion of the Financed Facility other than Qualified Use Agreements. Subsequent to the issuance of the Bonds, the City anticipates that a portion of the events center will be leased to the Western Professional Hockey League, Inc. ("WPHL") for the purposes of allowing WPHL in to arrange for a minor league hockey franchise to play games at the events center. Prior to executing any lease related to the Financed Facility, the City will obtain an opinion of Bond Counsel that under the terms of the lease direct or indirect payments to or for the benefit of the City have been limited so that the limitation on private payments set out in 2.2(e)(1) will not be exceeded.
- (i) Limit on Maturity of Bonds. A list of the assets included in the Financed Facility and a computation of the "average reasonably expected economic life" is attached to this Tax Agreement as Exhibit D. Based on this computation, the "average maturity" of the Bonds of 19.309 years, as computed by Bond Counsel, does not exceed the average reasonably expected economic life of the Financed Facility.
- (j) Single Issue; No Other Issues. The Bonds constitute a single "issue" under Regulations § 1.150-1(c). No other debt obligations of the City (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).
- (k) *Bonds Not Federally Guaranteed*. The City will not take any action or permit any action to be taken which would cause any Bond to be "federally guaranteed" within the meaning of Code § 149(b).
- (1) Compliance with Future Tax Requirements. The City understands that the Code and the Regulations may impose new or different restrictions and requirements on the City in the future. The City will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.
- (m) Interest Rate Swap. As of the Issue Date the City has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bonds. The City will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.
- (n) Guaranteed Investment Contract. As of the Issue Date of the Bonds, the City does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The City will be responsible for complying with Section 4.3(d) if it decides to enter into a Guaranteed Investment Contract at a later date.
- (o) *Reports to IRS; Form 8038-G.* The City will assist the Board in filing all appropriate returns, reports and attachments to income tax returns required by the Code, including without limitation the Information Return for Tax-Exempt Governmental Obligations (Form 8038-G). The information contained in Parts II through VI of IRS Form 8038-G

included in the Transcript was provided to the Board and Bond Counsel by the City, and such information is true, complete and correct as of the Issue Date.

- (p) Arbitrage Certifications. The facts, estimates and expectations recited in Article III of this Tax Agreement, regarding the purpose of the Bonds, the investment and expenditure of Bond proceeds, the Financed Facility, the funds and accounts created in the Indenture, the yield on investments and the computation and payment of arbitrage rebate, are true and accurate as of the Issue Date; and the City believes that the estimates and expectations recited in such Article are reasonable as of the Issue Date. The Board, the Trustee, Gilmore & Bell, P.C., Bond Counsel, and the Underwriter may rely on such statements and expectations. The City does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an "arbitrage bond" within the meaning of Code §148; and to the best of the City's knowledge and belief, there are no other facts, estimates or circumstances that would materially change such expectations.
- (q) Reimbursement of Expenditures. No portion of the Net Proceeds of the Bonds will be used to reimburse an expenditure paid by the City more than 60 days prior to the date the Board's resolution (attached as Exhibit C) was adopted. The City will evidence each allocation of the proceeds of the Bonds to an expenditure in writing. No reimbursement allocation will be made for an expenditure made more than three years prior to the date of the reimbursement allocation. In addition no reimbursement allocation will be made more than 18 months following the later of (A) the date of the expenditure or (B) the date the Financed Facility was placed in service.

Section 2.3. Representations and Covenants of the Trustee. The Trustee represents and covenants to the Board as follows:

- (a) The Trustee will comply with the provisions of this Tax Agreement that apply to it as Trustee and any written letter or opinion of Bond Counsel, specifically referencing the Bonds and received by the Trustee, that sets forth any action necessary to comply with any statute, regulation or ruling that may apply to it as Trustee and relating to reporting requirements or other requirements necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.
- (b) The Trustee, acting on behalf of the Board and the City, may from time to time cause a firm of attorneys, consultants or independent accountants or an Investment banking firm to provide the Trustee with such information as it may request in order to determine all matters relating to (a) the Yield on the Bonds as it relates to any data or conclusions necessary to verify that the Bonds are not "arbitrage bonds" within the meaning of Code § 148, and (b) compliance with arbitrage rebate requirements of Code § 148(f). The City will pay all costs and expenses incurred in connection with supplying the foregoing information.

Section 2.4. Survival of Representations and Covenants. All representations, covenants and certifications of the Board, the City, and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the Board, the City or the Trustee under this Tax Agreement, will survive the execution and delivery of such documents and the issuance of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds.

## **ARTICLE III**

## ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the Board's and the City's expectations as to the sources, uses and Investment of Bond proceeds and other money, in order to support the Board's conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Agreement on behalf of the Board is an officer of the Board responsible for issuing the Bonds.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this Article are based upon and in reliance upon the Board's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Board's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Board set forth in this Tax Agreement are reasonable. The Board has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

**Section 3.3. Purpose of Financing.** The Bonds are being issued for the purpose of providing funds to finance a portion of the cost of the Financed Facility.

Section 3.4. Funds and Accounts. The following funds and accounts have been established under the Indenture:

- (1) Project Fund.
- (2) Costs of Issuance Fund.
- (3) Debt Service Fund and within such fund the Series 2008D Capitalized Interest Subaccount.
- (4) Debt Service Reserve Fund.
- (5) Rebate Fund (to the extent funded with sale proceeds or investment proceeds of the Bonds).

## Section 3.5. Amount and Use of Bond Proceeds and Other Money.

(a) *Amount of Bond Proceeds.* The total proceeds to be received by the Board from the sale of the Bonds will be as follows:

| Principal Amount                      | \$12,325,000.00        |
|---------------------------------------|------------------------|
| Net Original Issue Premium/(Discount) | (142,204.25)           |
| Underwriting Discount                 | (184,875.00)           |
| Accrued interest                      | <u>3,700.97</u>        |
| Total Proceeds Received by Board      | <u>\$12,001,621.72</u> |

(b) Use of Bond Proceeds. The Bond proceeds are expected to be allocated to expenditures as follows:

- (1) The accrued interest on the Bonds will be deposited in the Debt Service Fund and \$662,474.03 will be deposited into the Series 2008D Capitalized Interest Subaccount of the Debt Service Fund.
- (2) \$883,475.00 will be deposited in the Debt Service Reserve Fund.
- (3) \$145,469.50 will be deposited in the Costs of Issuance Fund.
- (4) \$10,306,502.22 will be deposited in the Project Fund.

Section 3.6. Multipurpose Issue. The Board is applying the arbitrage rules to separate financing purposes of the issue that have the same initial temporary period as if they constitute a single issue for purposes pursuant to Regulations 1.148-9(h)(3)(i).

**Section 3.7.** No Advance Refunding. No proceeds of the Bonds will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.8. No Current Refunding. No proceeds of the Bonds will be used to pay principal or interest on any other debt obligation.

Section 3.9. Project Completion. The City has incurred, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the Bonds on the Financed Facility. The completion of the Financed Facility and the allocation of the Net Proceeds of the Bonds to expenditures will proceed with due diligence. At least 85% of the Net Proceeds of the Bonds will be allocated to expenditures on the Financed Facility within three years after the Issue Date.

Section 3.10. Financing Agreement/Sinking Funds. The Board is loaning the Bond proceeds to the City under the Financing Agreement. The City is required under the Financing Agreement to make periodic payments to the Trustee in amounts sufficient to pay the principal of and interest on the Bonds. The Trustee will deposit such payments into the Debt Service Fund. Except for the Debt Service Fund and the Debt Service Reserve Fund neither the Board nor the City has established or expects to establish any sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bonds. The Debt Service Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the Board expects that the Debt Service Fund will qualify as a Bona Fide Debt Service Fund.

## Section 3.11. Reserve, Replacement and Pledged Funds.

(a) Debt Service Reserve Fund. The Indenture establishes a debt service reserve fund to be funded at the time of issuance of the Bonds in an amount equal to \$883,475.00, the Debt Service Reserve Requirement. The amount to be held in the Debt Service Reserve Fund will not exceed the least of (1) 10% of the stated principal amount of the Bonds, (2) the maximum annual principal and interest requirements on the Bonds (determined as of the Issue Date, or (3) 125% of the average annual principal and interest requirements on the Bonds (determined as of the Issue Date). If the aggregate initial offering price of the Bonds to the public is less than 98% or more than 102% of par, such offering price must be used in clause (1) in lieu of the stated principal amount. Any amounts in the Debt

Service Reserve Fund in excess of the Debt Service Reserve Requirement will be transferred to the Debt Service Fund.

(b) No Other Replacement or Pledged Funds. None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that instead has been or will be used to acquire higher Yielding Investments. Except for the Debt Service Fund and the Debt Service Reserve Fund there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Board encounters financial difficulty.

Section 3.12. Purpose Investment Yield. The Yield on the Loan does not exceed the Yield on the Bonds by more than 1/8%, as permitted by Regulations  $\S1.148-2(d)(2)(i)$ .

## Section 3.13. Offering Prices and Yield on Bonds.

- (a) Offering Prices. In the Underwriter Receipt for Bonds and Closing Certificate, the Underwriter has certified that (1) all of the Bonds have been the subject of an initial offering to the public at prices no higher than those shown on the cover page of the official statement, plus accrued interest (the "offering prices"), and (2) the Underwriter expects that at least 10% of the Bonds of each maturity will be sold to the public at initial offering prices no higher than said offering prices. The aggregate initial offering price of the Bonds is \$12,182,795.75, plus accrued interest.
- (b) *Bond Yield.* Based on the offering prices, the Yield on the Bonds is 5.6591%, as computed by Bond Counsel as shown on **Exhibit A**. Neither the Board nor the City has entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

### Section 3.14. Miscellaneous Arbitrage Matters.

- (a) *No Abusive Arbitrage Device*. The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Board or the City to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.
- (b) *No Over-Issuance.* The sale proceeds of the Bonds, together with expected Investment earnings thereon and other money contributed by the Board or the City, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.15. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the Board does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

## ARTICLE IV

#### ARBITRAGE INVESTMENT AND REBATE INSTRUCTIONS

Section 4.1. Temporary Periods/Yield Restriction. Except as described below, Gross Proceeds must not be invested at a Yield greater than the Yield on the Bonds:

- (a) Project Fund and Cost of Issuance Fund. Bond proceeds deposited in the Project Fund and Cost of Issuance Fund and Investment earnings on such proceeds may be invested without Yield restriction for three years after the Issue Date. If any unspent proceeds remain in such funds after three years, such amounts may continue to be invested without Yield restriction so long as the Board pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Bonds are exempt from the arbitrage rebate requirements of Code § 148.
- (b) Debt Service Fund. To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for one year after the date of receipt of such earnings.
- (c) Debt Service Reserve Fund. Money in the Debt Service Reserve Fund may be invested without Yield restriction up to the least of (1) 10% of the stated principal amount of the Bonds, (2) the maximum annual principal and interest requirements on the Bonds (determined as of the Issue Date), or (3) 125% of the average annual principal and interest requirements on the Bonds (determined as of the Issue Date). If the aggregate initial offering price of the Bonds to the public is less than 98% or more than 102% of par, such offering price must be used in clause (1) in lieu of the stated principal amount.
- (d) *Minor Portion*. In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

### Section 4.2. Fair Market Value.

- (a) General. No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with § 1.148-5 of the Regulations.
- (b) Established Securities Market. Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with § 1.148-5 of the Regulations.

- (c) Certificates of Deposit. The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD Board to be currently available on reasonably comparable CDs offered to the public.
- (d) *Guaranteed Investment Contracts.* The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:
  - (1) <u>Bona Fide Solicitation for Bids</u>. The Board or the Trustee makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:
    - (A) The bid specifications are in writing and are timely forwarded to potential providers.
    - (B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.
    - (C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Board, the City, the Trustee or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the Board, the City, the Trustee or any other person, for purposes of satisfying the requirements of the Regulations.
    - (D) The terms of the bid specifications are "commercially reasonable." A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.
    - (E) The terms of the solicitation take into account the City's reasonably expected deposit and draw-down schedule for the amounts to be invested.
    - (F) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.
    - (G) At least three "reasonably competitive providers" are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.
  - (2) <u>Bids Received</u>. The bids received must meet all of the following requirements:

- (A) At least three bids are received from providers that were solicited as described above and that do not have a "material financial interest" in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue.
- (B) At least one of the three bids received is from a reasonably competitive provider, as defined above.
- (C) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.
- (3) <u>Winning Bid</u>. The winning bid is the highest Yielding bona fide bid (determined net of any broker's fees).
- (4) <u>Fees Paid</u>. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.
- (5) <u>Records</u>. The City and the Trustee retains the following records with the bond documents until three years after the last outstanding Bond is redeemed:
  - (A) A copy of the Guaranteed Investment Contract.
  - (B) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Board or Trustee, and the certification as to fees paid, described in paragraph (d)(4) above.
  - (C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.
  - (D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.
- (e) *Other Investments*. If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:
  - (1) at least three bids on the Investment must be received from persons with no financial interest in the Bonds (e.g., as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

## Section 4.3. Certain Gross Proceeds Exempt from the Rebate Requirement.

- (a) *General.* A portion of the Gross Proceeds of the Bonds may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Bonds and will not otherwise affect the application of the Investment limitations described in Section 4.1. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in Section 4.4 applies even if a portion of the gross proceeds of the Bonds is exempt from the rebate requirement. To the extent all or a portion of the Bonds is exempt from Rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in Section 4.4.
- (b) *Applicable Spending Exceptions*.
  - (1) The 2-year spending exception is unavailable for the Bonds because the City expects to use a significant portion of the Available Construction Proceeds for the acquisition of land.
  - (2) The following optional rebate spending exceptions can apply to the Bonds:
    - (a) 6-month Exception (Code § 148(f)(4)(B) and Regulation § 1.148-7(c))
    - (b) 18-month Exception (Regulation § 148-7(d)).
  - (3) The City expects to earn approximately \$27,781.66 in investment earnings on Bond proceeds in the Project Fund.
- (c) Special Elections Made with Respect to Spending Exception Elections. No special elections are being made in connection with the application of the spending exceptions.
- (d) Bona Fide Debt Service Fund. To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, Investment earnings in the account cannot be taken into account in computing arbitrage rebate.
- (e) Documenting Application of Spending Exception. At any time prior to the first Computation Date, the City may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the City must continue to comply with Section 4.4 hereof.
- (f) General Requirements for Spending Exception. The following general requirements apply in determining whether a spending exception is met.
  - (1) Using Adjusted Gross Proceeds to pay principal of any Bonds is not taken into account as expenditure for purposes of meeting any of the spending tests.
  - (2) The six-month spending exception generally is met if all Adjusted Gross Proceeds of the Bonds are spent within six months following the Issue Date. The

test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial six-month period, so long as this amount is spent within one year of the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the Bonds are spent in accordance with the following schedule:

| Time Period<br>After the<br>Issue Date | Minimum<br>Percentage of<br>Adjusted Gross<br>Proceeds<br>Spent |
|--|---|
| 6 months                               | 15%   |
| 12 months                              | 60%   |
| 18 months (Final)                      | 100%  |

- (4) For purposes of applying the 18-month spending exception only, the failure to satisfy the **final** spending requirement is disregarded if the City uses due diligence to complete the Financed Facility and the failure does not exceed the lesser of 3% of the aggregate issue price the Bonds or \$250,000. No such exception applies for any other spending period.
- (5) For purposes of applying the 18-month spending exception only, the Bonds meet the applicable spending test even if, at the end of the **final** spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months (in the case of the 18-month exception) after the Issue Date.

## Section 4.4. Computation and Payment of Arbitrage Rebate.

- (a) *Rebate Fund.* The Trustee will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Agreement. Any Investment earnings derived from the Rebate Fund will be credited to the Rebate Fund, and any Investment loss will be charged to the Rebate Fund.
- (b) Computation of Rebate Amount. The Trustee will provide the Rebate Analyst Investment reports relating to each fund held by the Trustee that contains Gross Proceeds of the Bonds at such times as reports are provided to the Board, and not later than ten days following each Computation Date. The City will provide the Rebate Analyst with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Bond Year and not later than ten days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Bonds, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Trustee, the Board and the City together with an opinion or

certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is less than the arbitrage rebate due, the City will, within 55 days after such Computation Date, pay to the Trustee the amount of the deficiency for deposit into the Rebate Fund. If the sum of the amount on deposit in the Rebate Amount, the Trustee will transfer such surplus in the Rebate Fund to the Debt Service Fund. After the final Computation Date or at any other time if the Rebate Analyst has advised the Trustee, any money left in the Rebate Fund will be paid to the City and may be used for any purpose not prohibited by law.

(c) Rebate Payments. Within 60 days after each Computation Date, the Trustee must pay (but solely from money in the Rebate Fund or provided by the City) to the United States the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center Ogden, UT 84201

Section 4.5. Successor Rebate Analyst. If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the City or the Board desires that a different firm act as the Rebate Analyst, then the City by an instrument or concurrent instruments in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Certificate, will engage a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. In the event the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason and the City fails to appoint a qualified successor Rebate Analyst within thirty (30) days following notice of such resignation then the Trustee will appoint a firm to act as the successor Rebate Analyst.

**Section 4.6.** Rebate Report Records. The Trustee and the City will retain copies of each arbitrage rebate report and opinion until three years after the final Computation Date.

Section 4.7. Filing Requirements. The Trustee, the Board and the City will file or cause to be filed with the Internal Revenue Service such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel.

Section 4.8. Survival after Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Bonds.

#### **ARTICLE V**

#### MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Agreement. This Tax Agreement will be effective concurrently with the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; provided that, the provisions of Article IV of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States.

Section 5.2. Amendments. This Tax Agreement may be amended from time to time by the parties to this Tax Agreement without notice to or the consent of any of the Bondowners, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then existing law, assuming compliance with this Tax Agreement as so amended such amendment will not cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the Board and the Trustee receive this Opinion of Bond Counsel.

Section 5.3. Opinion of Bond Counsel. The Board, the City and the Trustee may deviate from the provisions of this Tax Agreement if furnished with an Opinion of Bond Counsel addressed to each of them to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Board, the City and the Trustee will comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or the exclusion from gross income of interest on the Bonds.

**Section 5.4. Reliance.** In delivering this Tax Agreement, the Board, the City and the Trustee are making only those certifications, representations and agreements as are specifically attributed to them in this Tax Agreement. Neither the Board, the City nor the Trustee is aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Agreement and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The parties to this Tax Agreement understand that its certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Bonds and the exclusion from federal gross income of the interest on the Bonds.

**Section 5.5.** Severability. If any provision in this Tax Agreement or in the Bonds is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.6. Benefit of Agreement. This Tax Agreement is binding upon the Board, the City and the Trustee and their respective successors and assigns, and inures to the benefit of the parties to this Tax Agreement and the owners of the Bonds. Nothing in this Tax Agreement or in the Indenture or the Bonds, express or implied, gives to any person, other than the parties to this Tax Agreement and their successors and assigns, and the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement.

Section 5.7. Default; Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement may be pursued by the

Bondowners or the other party or parties to this Tax Agreement pursuant to the terms of the Indenture or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

Section 5.8. Record Keeping Responsibilities. The Trustee, the Board and the City recognize (i) that investors purchase the Bonds with the expectation that interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) that the tax-exempt status of interest on the Bonds depends on the accuracy of the representations and the satisfaction of the covenants contained herein by the Board and the City, many of which relate to matters that will occur after the date the Bonds are issued, and (iii) that as part of its ongoing tax-exempt bond audit program the Internal Revenue Service requires that records be created and maintained with respect to the following matters:

(a) Documentation evidencing expenditure of Bond proceeds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure.

(b) Documentation evidencing use of the Financed Facility by public and private persons (e.g., copies of Management Agreements).

(c) Documentation evidencing all sources of payment or security for the Bonds

(d) Documentation pertaining to any Investment of Bond proceeds (including the purchase and sale of securities, SLGs subscriptions, actual Investment income received from the Investment of proceeds, guaranteed Investment contracts, and (if required) rebate calculations).

In addition to the record-keeping duties specifically undertaken by the Trustee, the City has procedures in place or will establish procedures to create and retain these records or to cause these records to be created and retained. Unless otherwise specifically instructed in a written opinion of Bond Counsel or to the extent otherwise provided in this Tax Agreement, the City shall retain and maintain these records until three years following the final maturity of (i) the Bonds or (ii) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22.

Section 5.9. Execution in Counterparts. This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.10. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Missouri.

The parties to this Tax Agreement have caused this Tax Compliance Agreement to be duly executed by their duly authorized officers as of the Issue Date of the Bonds.

## MISSOURI DEVELOPMENT FINANCE BOARD

By: Name: Robert V. Miserez

Title: Executive Director

## **CITY OF INDEPENDENCE, MISSOURI**

By:

Name: Robert Heacock Title: City Manager

## COMMERCE BANK, N.A., as Trustee

ヘツ Bv: MERRY EVANS Name: Title:

## EXHIBIT A

## DEBT SERVICE SCHEDULE AND PROOF OF BOND YIELD

City of Independence, Missouri Community Improvement District Revenue Bonds (Event Center Project), Series 2008D

## **Debt Service Schedule**

Part 1 of 2

| Fiscal Total | Total P+I  | Interest   | Coupon | Principal  | Date       |
|--------------|------------|------------|--------|------------|------------|
| -            | -          | -          | -      | •          | 04/03/2008 |
| -            | 333,087.50 | 333,087.50 | -      | -          | 10/01/2008 |
| 666,175.00   | 333,087.50 | 333,087.50 | -      | -          | 04/01/2009 |
| -            | 363,087.50 | 333,087.50 | 4.000% | 30,000.00  | 10/01/2009 |
| 795,575.00   | 432,487.50 | 332,487.50 | 4.000% | 100,000.00 | 04/01/2010 |
| -            | 430,487.50 | 330,487.50 | 4.000% | 100,000.00 | 10/01/2010 |
| 858,975.00   | 428,487.50 | 328,487.50 | 4.000% | 100,000.00 | 04/01/2011 |
| -            | 426,487.50 | 326,487.50 | 4.000% | 100,000.00 | 10/01/2011 |
| 850,975.00   | 424,487.50 | 324,487.50 | 4.000% | 100,000.00 | 04/01/2012 |
| -            | 422,487.50 | 322,487.50 | 4.000% | 100,000.00 | 10/01/2012 |
| 867,975.00   | 445,487.50 | 320,487.50 | 4.000% | 125,000.00 | 04/01/2013 |
| -            | 442,987.50 | 317,987.50 | 4.000% | 125,000.00 | 10/01/2013 |
| 883,475.00   | 440,487.50 | 315,487.50 | 4.250% | 125,000.00 | 04/01/2014 |
| -            | 437,831.25 | 312,831.25 | 4.250% | 125,000.00 | 10/01/2014 |
| 873,006.25   | 435,175.00 | 310,175.00 | 4.375% | 125,000.00 | 04/01/2015 |
|              | 432,440.63 | 307,440.63 | 4.375% | 125,000.00 | 10/01/2015 |
| 862,146.88   | 429,706.25 | 304,706.25 | 4.500% | 125,000.00 | 04/01/2016 |
| -            | 426,893.75 | 301,893.75 | 4.500% | 125,000.00 | 10/01/2016 |
| 860,975.00   | 434,081.25 | 299,081.25 | 5.000% | 135,000.00 | 04/01/2017 |
| -            | 435,706.25 | 295,706.25 | 5.000% | 140,000.00 | 10/01/2017 |
| 867,912.50   | 432,206.25 | 292,206.25 | 5.000% | 140,000.00 | 04/01/2018 |
| -            | 433,706.25 | 288,706.25 | 5.000% | 145,000.00 | 10/01/2018 |
| 868,787.50   | 435,081.25 | 285,081.25 | 5.000% | 150,000.00 | 04/01/2019 |
| -            | 436,331.25 | 281,331.25 | 5.000% | 155,000.00 | 10/01/2019 |
| 868,787.50   | 432,456.25 | 277,456.25 | 5.000% | 155,000.00 | 04/01/2020 |
| -            | 433,581.25 | 273,581.25 | 5.375% | 160,000.00 | 10/01/2020 |
| 867,862.50   | 434,281.25 | 269,281.25 | 5.375% | 165,000.00 | 04/01/2021 |
| -            | 434,846.88 | 264,846.88 | 5.375% | 170,000.00 | 10/01/2021 |
| 870,125.01   | 435,278.13 | 260,278.13 | 5.375% | 175,000.00 | 04/01/2022 |
| -            | 435,575.00 | 255,575.00 | 5.375% | 180,000.00 | 10/01/2022 |
| 871,312.50   | 435,737.50 | 250,737.50 | 5.375% | 185,000.00 | 04/01/2023 |
| -            | 435,765.63 | 245,765.63 | 5.375% | 190,000.00 | 10/01/2023 |
| 871,425.01   | 435,659.38 | 240,659.38 | 5.375% | 195,000.00 | 04/01/2024 |
| -            | 435,418.75 | 235,418.75 | 5.375% | 200,000.00 | 10/01/2024 |
| 870,462.50   | 435,043.75 | 230,043.75 | 5.375% | 205,000.00 | 04/01/2025 |
|              | 434,534.38 | 224,534.38 | 5.625% | 210,000.00 | 10/01/2025 |
| 868,162.51   | 433,628.13 | 218,628.13 | 5.625% | 215,000.00 | 04/01/2026 |
| -            | 432,581.25 | 212,581.25 | 5.625% | 220,000.00 | 10/01/2026 |
| 863,975.00   | 431,393.75 | 206,393.75 | 5.625% | 225,000.00 | 04/01/2027 |
| -            | 435,065.63 | 200,065.63 | 5.625% | 235,000.00 | 10/01/2027 |
| 868,521.88   | 433,456.25 | 193,456.25 | 5.625% | 240,000.00 | 04/01/2028 |
| -            | 431,706.25 | 186,706.25 | 5.625% | 245,000.00 | 10/01/2028 |
|              | 434,815.63 | 179,815.63 | 5.625% | 255,000.00 | 04/01/2029 |

Series 2008D | SINGLE PURPOSE | 3/14/2008 | 10:14 AM

## Gilmore & Bell, P.C.

Tax and Financial Analysis

City of Independence, Missouri

Community Improvement District Revenue Bonds

(Event Center Project), Series 2008D

## **Debt Service Schedule**

Part 2 of 2

| Date       | Principal       | Coupon | Interest        | Total P+I       | Fiscal Total |
|------------|-----------------|--------|-----------------|-----------------|--------------|
| 10/01/2029 | 260,000.00      | 5.750% | 172,643.75      | 432,643.75      | -            |
| 04/01/2030 | 270,000.00      | 5.750% | 165,168.75      | 435,168.75      | 867,812.50   |
| 10/01/2030 | 275,000.00      | 5.750% | 157,406.25      | 432,406.25      | -            |
| 04/01/2031 | 285,000.00      | 5.750% | 149,500.00      | 434,500.00      | 866,906.25   |
| 10/01/2031 | 290,000.00      | 5.750% | 141,306.25      | 431,306.25      | -            |
| 04/01/2032 | 300,000.00      | 5.750% | 132,968.75      | 432,968.75      | 864,275.00   |
| 10/01/2032 | 310,000.00      | 5.750% | 124,343.75      | 434,343.75      | . ·          |
| 04/01/2033 | 320,000.00      | 5.750% | 115,431.25      | 435,431.25      | 869,775.00   |
| 10/01/2033 | 325,000.00      | 5.750% | 106,231.25      | 431,231.25      | -            |
| 04/01/2034 | 335,000.00      | 5.750% | 96,887.50       | 431,887.50      | 863,118.75   |
| 10/01/2034 | 345,000.00      | 5.750% | 87,256.25       | 432,256.25      | •            |
| 04/01/2035 | 355,000.00      | 5.750% | 77,337.50       | 432,337.50      | 864,593.75   |
| 10/01/2035 | 365,000.00      | 5.750% | 67,131.25       | 432,131.25      | -            |
| 04/01/2036 | 375,000.00      | 5.750% | 56,637.50       | 431,637.50      | 863,768.75   |
| 10/01/2036 | 390,000.00      | 5.750% | 45,856.25       | 435,856.25      |              |
| 04/01/2037 | 400,000.00      | 5.750% | 34,643.75       | 434,643.75      | 870,500.00   |
| 10/01/2037 | 410,000.00      | 5.750% | 23,143.75       | 433,143.75      | -            |
| 04/01/2038 | 395,000.00      | 5.750% | 11,356.25       | 406,356.25      | 839,500.00   |
| Total      | \$12,325,000.00 | -      | \$13,388,384.42 | \$25,713,384.42 | -            |

### **Yield Statistics**

| Accrued Interest from 04/01/2008 to 04/03/2008 | 3,700.97     |
|--|--------------|
| Bond Year Dollars                              | \$239,016.53 |
| Average Life                                   | 19.393 Years |
| Average Coupon                                 | 5.6014471%   |
| Net Interest Cost (NIC)                        | 5.7382909%   |
| True Interest Cost (TIC)                       | 5.7968241%   |
| Bond Yield for Arbitrage Purposes              | 5.6591192%   |
| All Inclusive Cost (AIC)                       | 5.9110320%   |

| IRS Form 8038             |              |
|---------------------------|--------------|
| Net Interest Cost         | 5.7504415%   |
| Weighted Average Maturity | 19.309 Years |

Series 2008D | SINGLE PURPOSE | 3/14/2008 | 10:14 AM

## Gilmore & Bell, P.C. Tax and Financial Analysis

City of Independence, Missouri Community Improvement District Revenue Bonds (Event Center Project), Series 2008D

## Proof Of Bond Yield @ 5.6591192%

Part 1 of 2

| Cumulative P | Present Value | PV Factor  | Cashflow   | Date       |
|--------------|---------------|------------|------------|------------|
|              | •             | 1.0000000x |            | 04/03/2008 |
| 324,022.3    | 324,022.38    | 0.9727846x | 333,087.50 | 10/01/2008 |
| 639,128.6    | 315,106.26    | 0.9460165x | 333,087.50 | 04/01/2009 |
| 973,163.6    | 334,035.03    | 0.9199849x | 363,087.50 | 10/01/2009 |
| 1,360,097.1  | 386,933.47    | 0.8946697x | 432,487.50 | 04/01/2010 |
| 1,734,643.2  | 374,546.13    | 0.8700511x | 430,487.50 | 10/01/2010 |
| 2,097,190.7  | 362,547.53    | 0.8461099x | 428,487.50 | 04/01/2011 |
| 2,448,116.4  | 350,925.66    | 0.8228275x | 426,487.50 | 10/01/2011 |
| 2,787.785.3  | 339,668.87    | 0.8001858x | 424,487.50 | 04/01/2012 |
| 3,116,551.1  | 328,765.87    | 0.7781671x | 422,487.50 | 10/01/2012 |
| 3,453,675.7  | 337,124.57    | 0.7567543x | 445,487.50 | 04/01/2013 |
| 3,779,683.8  | 326,008.09    | 0.7359307x | 442,987.50 | 10/01/2013 |
| 4,094,931.9  | 315,248.13    | 0.7156801x | 440,487.50 | 04/01/2014 |
| 4,399,656.7  | 304,724.74    | 0.6959867x | 437,831.25 | 10/01/2014 |
| 4,694,198.5  | 294,541.79    | 0.6768353x | 435,175.00 | 04/01/2015 |
| 4,978,835.6  | 284,637.10    | 0.6582108x | 432,440.63 | 10/01/2015 |
| 5,253,890.0  | 275,054.47    | 0.6400988x | 429,706.25 | 04/01/2016 |
| 5,519,625.1  | 265,735.06    | 0.6224852x | 426,893.75 | 10/01/2016 |
| 5,782,398.9  | 262,773.83    | 0.6053563x | 434,081.25 | 04/01/2017 |
| 6,038,898.6  | 256,499.72    | 0.5886987x | 435,706.25 | 10/01/2017 |
| 6,286,336.5  | 247.437.87    | 0.5724995x | 432,206.25 | 04/01/2018 |
| 6,527,800.8  | 241,464.25    | 0.5567461x | 433,706.25 | 10/01/2018 |
| 6,763,365.1  | 235,564.34    | 0.5414261x | 435,081.25 | 04/01/2019 |
| 6,993,105.6  | 229,740.48    | 0.5265277x | 436,331.25 | 10/01/2019 |
| 7,214,540.1  | 221,434.56    | 0.5120392x | 432,456.25 | 04/01/2020 |
| 7,430,441.7  | 215,901.54    | 0.4979494x | 433,581.25 | 10/01/2020 |
| 7,640,741.2  | 210,299.55    | 0.4842474x | 434,281.25 | 04/01/2021 |
| 7,845,520.3  | 204,779.11    | 0.4709223x | 434,846.88 | 10/01/2021 |
| 8,044,862.0  | 199,341.71    | 0.4579640x | 435,278.13 | 04/01/2022 |
| 8,238,850.7  | 193,988.64    | 0.4453622x | 435,575.00 | 10/01/2022 |
| 8,427,571.7  | 188,721.03    | 0.4331072x | 435,737.50 | 04/01/2023 |
| 8,611,111.6  | 183,539.85    | 0.4211894x | 435,765.63 | 10/01/2023 |
| 8,789,557.4  | 178.445.86    | 0.4095995x | 435,659.38 | 04/01/2024 |
| 8,962,997.2  | 173,439.72    | 0.3983286x | 435,418.75 | 10/01/2024 |
| 9,131,519.1  | 168,521.92    | 0.3873678x | 435,043.75 | 04/01/2025 |
| 9,295,211.9  | 163,692.82    | 0.3767086x | 434,534.38 | 10/01/2025 |
| 9,454,068.4  | 158,856.49    | 0.3663427x | 433,628.13 | 04/01/2026 |
| 9,608,180.7  | 154,112.28    | 0.3562620x | 432,581.25 | 10/01/2026 |
| 9,757,640.8  | 149,460.15    | 0.3464588x | 431,393.75 | 04/01/2027 |
| 9,904,225.4  | 146,584.61    | 0.3369253x | 435,065.63 | 10/01/2027 |
| 10,046,249.1 | 142,023.72    | 0.3276541x | 433,456.25 | 04/01/2028 |
| 10,183,807.2 | 137,558.04    | 0.3186381x | 431,706.25 | 10/01/2028 |
| 10,318,543.5 | 134,736.36    | 0.3098701x | 434,815.63 | 04/01/2029 |

Series 2008D | SINGLE PURPOSE | 3/14/2008 | 10:14 AM

## Gilmore & Bell, P.C.

Tax and Financial Analysis

City of Independence, Missouri **Community Improvement District Revenue Bonds** (Event Center Project), Series 2008D

## Proof Of Bond Yield @ 5.6591192%

Date Cashflow **PV Factor Present Value Cumulative PV** 10.448.917.92 10/01/2029 432.643.75 0.3013434x 130,374,34 10.576.444.70 04/01/2030 435,168.75 0.2930513x 127,526.78 10/01/2030 432,406.25 0.2849874x 123,230,35 10,699,675.06 120,419.70 10,820,094.76 04/01/2031 434,500.00 0.2771455x 10/01/2031 431.306.25 0.2695192x 116,245.34 10,936,340.09 04/01/2032 432,968.75 0.2621029x 113,482.36 11,049,822.45 10/01/2032 434,343.75 0.2548906x 110,710.14 11,160,532.59 11,268,465.89 04/01/2033 435,431.25 0.2478768x 107,933.30 103,950.86 11,372,416.76 10/01/2033 431,231.25 0.2410560x 11,473,661.05 04/01/2034 431,887.50 0.2344228x 101,244.29 11,572,203.46 10/01/2034 432,256.25 0.2279722x 98,542.42 95,848.84 11,668,052.30 04/01/2035 432,337.50 0.2216991x 10/01/2035 0.2155986x 93,166.90 11,761,219.20 432,131.25 04/01/2036 431,637.50 0.2096660x 90,499.71 11,851,718.91 88,869.62 11,940,588.53 10/01/2036 435.856.25 0.2038966x 86,183.77 12,026,772.30 04/01/2037 434,643.75 0.1982860x 10/01/2037 0.1928298x 83,523.01 12,110,295.30 433,143.75 04/01/2038 406,356.25 0.1875237x 76,201.42 12,186,496.72 Total \$25,713,384.42 \$12,186,496.72

## **Derivation Of Target Amount**

| Par Amount of Bonds                            | \$12,325,000.00 |
|--|-----------------|
| Reoffering Premium or (Discount)               | (142,204.25)    |
| Accrued Interest from 04/01/2008 to 04/03/2008 | 3,700.97        |
| Original Issue Proceeds                        | \$12,186,496.72 |

Original Issue Proceeds

Series 2008D | SINGLE PURPOSE | 3/14/2008 | 10:14 AM

## Gilmore & Bell, P.C.

Tax and Financial Analysis

Part 2 of 2

City of Independence, Missouri Community Improvement District Revenue Bonds (Event Center Project), Series 2008D

## **Pricing Summary**

| Maturity   | Type of Bond  | Coupon | Yield  | Maturity Value  | Price    | <b>Dollar Price</b> |
|------------|---------------|--------|--------|-----------------|----------|---------------------|
| 10/01/2009 | Serial Coupon | 4.000% | 2.951% | 30,000.00       | 101.523% | 30,456.90           |
| 04/01/2010 | Serial Coupon | 4.000% | 3.060% | 100,000.00      | 101.805% | 101,805.00          |
| 10/01/2010 | Serial Coupon | 4.000% | 3.060% | 100,000.00      | 102.240% | 102,240.00          |
| 04/01/2011 | Serial Coupon | 4.000% | 3.310% | 100,000.00      | 101.951% | 101,951.00          |
| 10/01/2011 | Serial Coupon | 4.000% | 3.310% | 100,000.00      | 102.259% | 102,259.00          |
| 04/01/2012 | Serial Coupon | 4.000% | 3.580% | 100,000.00      | 101.550% | 101,550.00          |
| 10/01/2012 | Serial Coupon | 4.000% | 3.580% | 100,000.00      | 101.729% | 101,729.00          |
| 04/01/2013 | Serial Coupon | 4.000% | 3.790% | 125,000.00      | 100.947% | 126,183.75          |
| 10/01/2013 | Serial Coupon | 4.000% | 3.790% | 125,000.00      | 101.032% | 126,290.00          |
| 04/01/2014 | Serial Coupon | 4.250% | 4.010% | 125,000.00      | 101.267% | 126,583.75          |
| 10/01/2014 | Serial Coupon | 4.250% | 4.010% | 125,000.00      | 101.360% | 126,700.00          |
| 04/01/2015 | Serial Coupon | 4.375% | 4.230% | 125,000.00      | 100.869% | 126,086.25          |
| 10/01/2015 | Serial Coupon | 4.375% | 4.230% | 125,000.00      | 100.922% | 126,152.50          |
| 04/01/2016 | Serial Coupon | 4.500% | 4.390% | 125,000.00      | 100.734% | 125,917.50          |
| 10/01/2016 | Serial Coupon | 4.500% | 4.390% | 125,000.00      | 100.772% | 125,965.00          |
| 04/01/2020 | Term I Coupon | 5.000% | 4.956% | 1,020,000.00    | 100.390% | 1,023.978.00        |
| 04/01/2025 | Term 2 Coupon | 5.375% | 5.500% | 1,825,000.00    | 98.630%  | 1,799,997.50        |
| 04/01/2029 | Term 3 Coupon | 5.625% | 5.770% | 1,845,000.00    | 98.247%  | 1,812,657.15        |
| 04/01/2033 | Term 4 Coupon | 5.750% | 5.860% | 2,310,000.00    | 98.565%  | 2,276,851.50        |
| 04/01/2038 | Term 5 Coupon | 5.750% | 5.900% | 3,695,000.00    | 97.901%  | 3,617,441.95        |
| Total      | -             | -      | -      | \$12,325,000.00 | -        | \$12,182,795.75     |

#### **Bid Information**

| Par Amount of Bonds                            | \$12,325,000.00 |
|--|-----------------|
| Reoffering Premium or (Discount)               | (142,204.25)    |
| Gross Production                               | \$12,182,795.75 |
| Total Underwriter's Discount (1.500%)          | \$(184,875.00)  |
| Bid (97.346%)                                  | 11,997,920.75   |
| Accrued Interest from 04/01/2008 to 04/03/2008 | 3,700.97        |
| Total Purchase Price                           | \$12,001,621.72 |
| Bond Year Dollars                              | \$239,016.53    |
| Average Life                                   | 19.393 Years    |
| Average Coupon                                 | 5.6014471%      |
| Net Interest Cost (NIC)                        | 5.7382909%      |
| True Interest Cost (TIC)                       | 5.7968241%      |

Series 2008D | SINGLE PURPOSE | 3/14/2008 | 10:14 AM

## Gilmore & Bell, P.C.

Tax and Financial Analysis

## EXHIBIT B

**IRS FORM 8038-G** 

## Form 8038-G (Rev. November 2000)

## Information Return for Tax-Exempt Governmental Obligations Under Internal Revenue Code section 149(e)

OMB No. 1545-0720

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

| •        |   | 1            | ► See  | e separate Instructions.                   |                                       |                     |                           |   |
|----------|---|--------------|--|--|---------------------------------------|---------------------|---------------------------|---|
|          | ment of the Treasury<br>I Revenue Service |              | Caution: If the issue pri-   | ce is under \$100,000, use F               | orm 8038-GC.                          |                     |                           |   |
| Pa       | tl Report                                 | ina Au       | thority  |  | If Amend                              | ed Ret              | urn, check her            | e 🕨 🔲                                   |
| 1        | Issuer's name                             |              |  |  | 2 Issuer'                             | s employ            | ver identification        | number                                  |
|          | Missouri Deve                             | lopmer       | at Finance Board   |  | 43                                    | 387649              | 9                         |   |
| 3        | Number and stree<br>P. O. Box 567         | et (or P.0   | D. box if mail is not delivered to                                     | street address)                            | Room/sui                              | e 4 F               | Report number             |   |
| 5        | City, town, or po<br>Jefferson City       |              | state, and ZIP code  |  |                                       | 6 C                 | Date of issue<br>4/3/2008 |   |
| 7        | Name of issue In                          | frastruc     | ture Facilities Revenue Bonds<br>pject), Series 2008D                  | (City of Independence, Mis                 | souri - Events                        | 8 0                 | USIP number<br>60636C E88 |   |
| 9        |   | f officer of | or legal representative whom the                                       | IRS may call for more infor                |                                       | ne number<br>5 ) 22 | of officer or legal rep   |   |
| De       |   |              | (check applicable box(e  | c) and ontor the iccu                      |                                       | ,                   |                           | shodulo                                 |
| Par      |   | 15506        | спеск аррісавіе вох(е  | esj and enter the issu                     | e price, see inst                     |                     |                           | neuule                                  |
| 11       | Education                                 |              |  |  |                                       | · –                 | 12                        |   |
| 12       | Health and                                | •            |  |  |                                       | • • •               | 13                        |   |
| 13       | · ·                                       |              |  |  |                                       | ·                   | 14                        |   |
| 14       |   | 5            |  |  | • • • • • •                           | •                   | 15                        |   |
| 15       |   |              | ing sewage bonds)  |  |                                       | · –                 | 16                        |   |
| 16       |   |              |  |  |                                       | · -                 |                           |   |
| 17       | Utilities .                               |              | · · · · · · · · · ·  |  | · · · · · ·                           | • •                 | 17<br>18 12,182           | 706                                     |
| 18       | XX Other. Desc                            |              |  |  |                                       |                     | 18   12,182               | , 190                                   |
| 19       |   |              | or RANs, check box 🕨 🔲   | If obligations are BAN                     | s, check box 🕨                        | $\exists$           |                           |   |
| 20       |   |              | form of a lease or installme   |  | · · · · · · · · · · · · · · · · · · · |                     |                           | /////////////////////////////////////// |
| Pa       | rt III Descri                             | ption c      | f Obligations. Complete  | for the entire issue for                   | which this form                       | IS Dell             | ng tilea.                 |   |
|          | (a) Final maturity                        | •            | (b) Issue price  | (c) Stated redemption<br>price at maturity | (d) Weighter<br>average mat           |                     | (e) Yield                 |   |
| 21       | 4/1/2038                                  |              | \$ 12,182,796  | \$12,325,000                               | 19.309                                | years               | 5.6591                    | %                                       |
| Pa       | rt IV Uses o                              | of Proc      | eeds of Bond Issue (incl   | uding underwriters' o                      | discount)                             |                     |                           |   |
| 22       | Proceeds used                             | for acc      | rued interest  |  |                                       | . L                 |                           | ,701                                    |
| 23       |   |              | sue (enter amount from line 2  | 21. column (b))                            |                                       |                     | 23 12,182                 | ,796                                    |
| 24       |   |              | issuance costs (including und  | 1  | 24 334,                               | 952 🛛               |                           |   |
| 25       |   |              | dit enhancement  |  | 25                                    | 0                   |                           |   |
| 26       |   |              | easonably required reserve or  |  | 26 883,                               | 475                 |                           |   |
| 27       |   |              | ently refund prior issues  |  | 27                                    |                     |                           |   |
| 28       |   |              | ance refund prior issues   |  | 28                                    | 0                   |                           |   |
| 20<br>29 | Total (add lines                          |              | •  | · · · · · · · · · · ·                      | <u> </u>                              |                     | 29 1,218                  | ,427                                    |
| 30       |   |              | s of the issue (subtract line 2  |  | amount here)                          | ·                   | 30 10,964                 | ,369:                                   |
|          |   |              | of Refunded Bonds (Com   |  |                                       |                     |                           |   |
|          |   |              | eighted average maturity of t  |  |                                       |                     |                           | years                                   |
| 31       |   | •            | 0 0  | •  |                                       | 5 -                 |                           | years                                   |
| 32       |   | -            | eighted average maturity of t  |  | reiunded                              | 5 -                 |                           |   |
| 33<br>34 |   |              | which the refunded bonds w<br>efunded bonds were issued I              |  |                                       | -                   |                           |   |
| -        | rt VI Miscel                              |              |  |  | · · · · · · · · · · · · · · · · · · · |                     |                           |   |
|          |   |              |  |  |                                       |                     | 35                        |   |
| 35       |   |              | e state volume cap allocated   |  |                                       | · -                 | 16a                       |   |
| 36a      |   |              | proceeds invested or to be invested                                    | -  |                                       |                     |                           |   |
| b        |   | -            | date of the guaranteed inve  |  |                                       |                     |                           |   |
| 37       | •   |              | ceeds of this issue that are to b                                      |  | •                                     |                     | 17a                       |   |
| b        | If this issue is issuer ►                 | a loan       | made from the proceeds of  | another tax-exempt issu                    |                                       | ⊔ and               | enter the nam             | ne of the                               |
| 38       |   | s desiar     | ated the issue under sectior   |  |                                       | check t             | юх                        |   |
| 39       |   |              | d to pay a penalty in lieu of a  |  |                                       |                     |                           |   |
| 40       | If the issuer has                         | s identif    | ied a hedge, check box   |  |                                       |                     | <u></u> .                 |   |
|          | Under per                                 | alties of p  | erjury, I declare that I have examined<br>true, correct, and complete. | d this return and accompanying             | schedules and statem                  | ents, and           | to the best of my         | knowledge                               |
| Sig      | in  | n.           |  |  | Pahart V                              | Micore              | 7                         |   |
| He       |   | KA/          | Maserer  | 4/3/2008                                   | Robert V.                             |                     |                           |   |
|          |   | ture of iss  | uer's authorized representative  | Date                                       | Type or print                         |                     |                           |   |
|          |   |              |  |  |                                       |                     |                           |   |
| ror      | Paperwork Red                             | uction       | Act Notice, see page 2 of t  | ne instructions.                           | Cat. No. 63773S                       | Fo                  | rm <b>8038-G</b> (Re      | v. 11-2000)                             |

## ATTACHMENT TO IRS FORM 8038-G:

## MISSOURI DEVELOPMENT FINANCE BOARD Infrastructure Facilities Revenue Bonds

**PART II: Type of Issue** Line 11-18 Users of Bond Proceeds:

| Form<br>8038-G<br>Line<br>Number | User Name                      | Employer<br>Identification<br>Number |
|----------------------------------|--------------------------------|--------------------------------------|
| 13                               | City of Independence, Missouri | 44 6000190                           |

816-221-1000 FAX: 816-221-1018 WWW.GILMOREBELL.COM



A PROFESSIONAL CORPORATION ATTORNEYS AT LAW 2405 GRAND BOULEVARD, SUITE 1100 KANSAS CITY, MISSOURI 64108-2521 OTHER OFFICES ST. LOUIS, MISSOURI WICHITA, KANSAS LINCOLN, NEBRASKA

April 8, 2008

Via FedEx

 Ref:
 600458.01
 DWQ
 Date:
 04/08/2008
 SHIPPING:
 9.46

 Dep:
 Handy EVENTS
 Use:
 1.0 LBS
 SPECIAL:
 1.89

 Handy EVENTS
 DV:
 0.00
 TOTAL:
 11.35

Internal Revenue Service Center Ogden, UT 84201

Svcs: \*\* 2DAY \*\* TRCK: 9318 5060 9060

Re: Missouri Development Finance Board and City of Independence -\$12,325,000 Infrastructure Facilities Revenue Bonds (Events Center Project) Series 2008D

Ladies and Gentlemen:

In accordance with Internal Revenue Code, Section 149(e), we enclose Form 8038-G for filing in connection with the above-referenced bond issue.

Please call if you have any questions.

Thank you.

Very truly yours,

mount

Delia J. Smart Legal Assistant

Enclosures

O Quick Help

Submit

# Track Shipments/FedEx Kinko's Orders Detailed Results

| Tracking number<br>Signed for by<br>Ship date<br>Delivery date |          | 931850609060<br>T.DOWNS<br>Apr 8, 2008<br>Apr 9, 2008 9:59 AM | Reference<br>Destination<br>Delivered to<br>Service type<br>Weight | 600458.01 DWQ<br>OGDEN, UT<br>Shipping/Receiving<br>FedEx 2Day Envelope<br>0.5 lbs. |         |  |
|--|----------|---|--|---|---------|--|
| Status   |          | Delivered   |  |   |         |  |
| Signature image<br>available                                   |          | Yes   |  |   |         |  |
| Date/Time  |          | Activity  |  | Location  | Details |  |
| Apr 9, 2008 9:59   |          | Delivered   | OGDEN, UT  |   |         |  |
|  | 8:19 AM  | On FedEx vehicle for delivery                                 |  | OGDEN, UT   |         |  |
|  | 7:57 AM  | At local FedEx facility                                       |  | OGDEN, UT   |         |  |
|  | 5:20 AM  | At dest sort facility   |  | SALT LAKE CITY, UT  |         |  |
|  | 3:12 AM  | Departed FedEx location                                       |  | MEMPHIS, TN   |         |  |
| Apr 8, 2008  | 11:58 PM | Arrived at FedEx location MEMPHIS, TN                         |  | MEMPHIS, TN   |         |  |
|  | 8:08 PM  | Left origin   |  | KANSAS CITY, MÔ   |         |  |
|  | 4:15 PM  | Picked up   |  | KANSAS CITY, MO   |         |  |
|  | 2:50 PM  | Package data transmitted to FedEx                             |  |   |         |  |

## Signature,proof E-mail results Track more shipments/orders

Subscribe to tracking updates (optional)

| Your name:   | · · · · · · · · · · · · · · · · · · · | Your e-mail addre   | Your e-mail address: |                     |  |
|--|---------------------------------------|---|----------------------|---------------------|--|
| E-mail address   | Language                              |   | Exception<br>updates | Delivery<br>updates |  |
|  | English                               | V   | CF.                  | , L                 |  |
|  | English                               | The second se | <b>1</b>             | Γ.                  |  |
|  | English                               |   |                      | <b>_</b>            |  |
|  | English                               |   |                      | <b>F</b> i          |  |
| Select format:  Add personal mess<br>Not available for Wire<br>non-English character | eless or                              | eless   |                      |                     |  |

## EXHIBIT C

## **RESOLUTION OF OFFICIAL INTENT**

•

RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD APPROVING A PROJECT FOR THE CITY OF INDEPENDENCE, MISSOURI, AND DETERMINING THE OFFICIAL INTENT OF THE BOARD TO ISSUE ITS INFRASTRUCTURE FACILITIES REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$110,575,000 TO FINANCE THE COSTS OF SUCH PROJECT. ÷

WHEREAS, the Missouri Development Finance Board (the "Board") is authorized and empowered under the provisions of the Missouri Development Finance Board Act, Sections 100.250 to 100.297 of the Missouri Revised Statutes (the "Act"), to purchase, construct, extend and improve certain projects (as defined in the Act) for the purposes set forth in the Act and to issue revenue bonds for the purpose of providing funds to pay the costs of such projects upon such terms and conditions as the Board shall deem advisable; and

WHEREAS, the City of Independence, Missouri, a constitutional charter city under the laws of the State of Missouri (the "City"), has submitted an application to the Board and has requested that the Board (i) approve a project for the City consisting of the construction of a multipurpose events center to be owned by the City together with costs related to the construction of the events center including land acquisition, site preparation, improvements to real estate, the construction, improvement and widening of public roads and transportation improvements, and the alteration and relocation of sanitary sewer, water and electric utilities, together with related legal, financing, accounting and design costs (the "Project"), and (ii) issue its revenue bonds in one or more series in an aggregate principal amount not to exceed \$110,575,000 to provide funds to pay the costs of the Project, all in accordance with and pursuant to the Act; and

WHEREAS, the Board desires to finance the costs of the Project by the issuance of its revenue bonds under the Act in an aggregate principal amount in one or more series not to exceed \$110,575,000 (the "Bonds"), said Bonds to be payable solely out of payments, revenues and receipts derived by the Board from the City for the Project; and

WHEREAS, the Board and the City desire that the Project commence as soon as practicable;

### NOW, THEREFORE, BE IT RESOLVED BY THE MISSOURI DEVELOPMENT FINANCE BOARD AS FOLLOWS:

Section 1. Findings and Determinations. The Board hereby finds and determines that the Project will promote the economic welfare and the development of the State of Missouri, the Project will generate sufficient revenues or the City will otherwise have sufficient revenues available to enable the City to repay the loans from the Board, and the issuance of the Bonds by the Board to pay the costs of the Project will be in furtherance of the public purposes set forth in the Act.

Section 2. Approval of Project and Declaration of Official Intent. The Board hereby approves the Project and determines and declares the official intent of the Board to finance the costs of the Project out of the proceeds of the Bonds of the Board pursuant to the Act in an aggregate principal amount not to exceed \$110,575,000. This Resolution shall constitute the Board's official binding commitment, subject to the terms hereof, to issue the Bonds pursuant to the Act in amounts prescribed by

the City and to loan the proceeds thereof to the City to finance the Project and to pay all expenses and costs of the Board in connection with the issuance of the Bonds.

Section 3. Terms and Provisions. Subject to the conditions of this Resolution, the Board will (i) enter into one or more trust indentures with a bank or trust company, as corporate trustee, pursuant to which the Board will issue the Bonds to pay the costs of financing the Project, including repayment to the City of advances made by it in connection with the Project, with such maturities, interest rates, redemption terms, security provisions and other terms and provisions as may be determined by subsequent resolution of the Board; (ii) enter into such other documents necessary to provide for financing the Project, which documents will require the City to make payments sufficient to pay the principal of and interest on the Bonds as the same become due and payable; and (iii) to effect the foregoing, adopt such resolutions and authorize the execution and delivery of such security agreements and other instruments and the taking of such action as may be necessary or advisable for the authorization and issuance of the Bonds by the Board and take or cause to be taken such other action as may be required to implement the aforesaid.

Section 4. Conditions to Issuance. The issuance of the Bonds and the execution and delivery of any documents related to financing the Project are subject to (i) approval by the Board; (ii) approval by the City Council of the City; and (iii) agreement by the Board, the City and the purchasers of the Bonds upon (a) mutually acceptable terms for the Bonds and for the sale and delivery thereof, and (b) mutually acceptable terms and conditions of any documents related to the issuance of the Bonds and the Project.

Section 5. Authorization to Proceed. The City is hereby authorized to proceed with the construction, improvement and equipping of the Project, including the necessary planning and engineering for the Project and land acquisition for the Project and entering of contracts and purchase orders in connection therewith, and to advance such funds as may be necessary to accomplish such purposes, and, to the extent permitted by law, the Board shall reimburse the City for all expenditures paid or incurred therefor out of the proceeds of the Bonds.

Section 6. Sale of the Bonds. The Board shall sell the Bonds, but only on a firm underwriting or purchase basis, to Piper Jaffray & Co., and the Board shall approve, at such price as the City and the Board shall approve, such Bonds to be issued upon receipt of an unqualified approving opinion by Gilmore & Bell, P.C., in form and substance agreeable to the Board, the City and the purchasers of such Bonds. The sale of the Bonds shall be mutually acceptable to the City and the Board.

Section 7. Further Authority. Counsel to the Board, together with the officers and employees of the Board, are hereby authorized to work with the City and the purchasers of the Bonds, their respective counsel and others, to prepare for submission to and final action by the Board all documents necessary to effect the authorization, issuance and sale of the Bonds and other actions contemplated hereunder in connection with the financing of the Project.

Section 8. Benefit of Resolution. This Resolution shall inure to the benefit of the Board and the City and their respective successors and assigns.

Section 9. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Missouri Development Finance Board.

ADOPTED by the Missouri Development Finance Board this 20th day of November, 2007.

Ì)

.

## MISSOURI DEVELOPMENT FINANCE BOARD

÷

By: Chairman

## EXHIBIT D

## DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY

`

~

.

## **EXHIBIT D TO TAX COMPLIANCE AGREEMENT**

## Description of Property Comprising the Financed Facility

1 2008D Project Economic Life x Original **Cost Paid Cost Paid** Financed from Bond from Other Economic Asset **Asset Description** Life Туре Cost Proceeds Cost Sources

| Land  |      | Land     | 5,806,554   | 5,806,554   | - | _          |
|---|------|----------|-------------|-------------|---|------------|
| Legal Fees, Architectural Fees, & Grading   | 40   | Building | 4,758,600   | 4,758,600   | - | 190,344,00 |
| Road Work                                   | 20   | Other    | 399,215     | 399,215     | - | 7,984,29   |
|   |      |          | 10,964,369  | 10,964,369  | - | 198,328,30 |
| Less land costs                             |      |          | (5,806,554) | (5,806,554) | - |            |
| Net costs, excluding land                   |      |          | 5,157,815   | 5,157,815   | - |            |
| Average, Reasonably Expected Economic Life: |      | 38.45    | years       |             |   |            |
| 120% of Original Economic Life              | 120% | 46.14    | years       |             |   |            |

TCA - Exhibit D.xls

#### PRELIMINARY OFFICIAL STATEMENT DATED MARCH 5, 2008

NEW ISSUE (Book Entry Only)

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 interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes, except as described herein, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, stated interest on the Bonds is exempt from income taxation in the State of Missouri. See "TAX MATTERS" herein.

#### **MISSOURI DEVELOPMENT FINANCE BOARD**

## \$12,065,000<sup>\*</sup> Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

#### Dated: April 1, 2008

Due: See Inside Cover Pages

S&P Rating - "A+"

See "RATING" herein.

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Bonds will be paid from moneys available therefore under the Indenture (herein defined) by Commerce Bank, N.A., Kansas City, Missouri, as Trustee and Paying Agent. Principal of the Bonds will be due as shown on the inside cover page. Interest on the Bonds will be payable on each April 1 and October 1, beginning on October 1, 2008.

# The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS-Redemption."

The Bonds will be payable solely from, and will be secured by: (i) an assignment and a pledge of Loan Payments made by the City, pursuant to the Financing Agreement between the Missouri Development Finance Board (the "Board") and the City of Independence, Missouri (the "City"); (ii) subject to the conditions and limitations described herein, certain CID Sales Tax Revenues and TIF Revenues; and (iii) certain other funds held by the Trustee under the Indenture. See "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS."

# Payment of the principal of and interest on the Bonds is <u>not</u> secured by any deed of trust, mortgage or other lien on the Events Center or any other facilities or property of the City.

THE BONDS ARE NOT AN INDEBTEDNESS OF BOARD, THE CITY, THE CID THE STATE OF MISSOURI OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE OF MISSOURI. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE CID, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE CID, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT, EXCEPT AS OTHERWISE DESCRIBED HEREIN. THE BOARD HAS NO TAXING POWER.

The Bonds are offered when, as and if issued by the Board and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of their validity by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, as described herein. Certain legal matters will be passed on for the City by Allen Garner, City Counselor, Independence, Missouri, and for the Board and the CID by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about April \_\_, 2008.



The date of this Official Statement is March \_\_\_, 2008

<sup>\*</sup> Preliminary; subject to change.

### MISSOURI DEVELOPMENT FINANCE BOARD

## \$12,065,000<sup>\*</sup> Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Dated: April 1, 2008

## Due: April 1 and October 1 as shown below

;

# Maturity Schedule\*\*

| Due       | Principal<br><u>Amount</u> | Interest<br><u>Rate</u> | <u>Yield</u> |
|-----------|----------------------------|-------------------------|--------------|
| 10/1/2009 | \$30,000                   |                         |              |
| 4/1/2010  | 105,000                    |                         |              |
| 10/1/2010 | 105,000                    |                         |              |
| 4/1/2011  | 110,000                    |                         |              |
| 10/1/2011 | 110,000                    |                         |              |
| 4/1/2012  | 110,000                    |                         |              |
| 10/1/2012 | 115,000                    |                         |              |
| 4/1/2013  | 115,000                    |                         |              |
| 10/1/2013 | 120,000                    |                         |              |
| 4/1/2014  | 120,000                    |                         |              |
| 10/1/2014 | 125,000                    |                         |              |
| 4/1/2015  | 125,000                    |                         |              |
| 10/1/2015 | 130,000                    |                         |              |
| 4/1/2016  | 130,000                    |                         |              |
| 10/1/2016 | 135,000                    |                         |              |
| 4/1/2017  | 135,000                    |                         |              |
| 10/1/2017 | 140,000                    |                         |              |
| 4/1/2018  | 140,000                    |                         |              |
| 10/1/2018 | 145,000                    |                         |              |
| 4/1/2019  | 150,000                    |                         |              |
| 10/1/2019 | 150,000                    |                         |              |
| 4/1/2020  | 155,000                    |                         |              |
| 10/1/2020 | 160,000                    |                         |              |
| 4/1/2021  | 165,000                    |                         |              |
| 10/1/2021 | 165,000                    |                         |              |
| 4/1/2022  | 170,000                    |                         |              |
| 10/1/2022 | 175,000                    |                         |              |
| 4/1/2023  | 180,000                    |                         |              |
| 10/1/2023 | 185,000                    |                         |              |
| 4/1/2024  | 190,000                    |                         |              |
| 10/1/2024 | 195,000                    |                         |              |
| 4/1/2025  | 200,000                    |                         |              |
| 10/1/2025 | 205,000                    |                         |              |
| 4/1/2026  | 210,000                    |                         |              |
| 10/1/2026 | 215,000                    |                         |              |
|           |                            |                         |              |

(continued on following page)

<sup>\*</sup> Preliminary, subject to change.

<sup>\*\*</sup> Serial maturities may be aggregated into one or more term bonds with mandatory sinking fund payments per the serial maturity schedule.

## **MISSOURI DEVELOPMENT FINANCE BOARD**

## \$12,065,000<sup>\*</sup> Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Maturity Schedule (continued)\*\*

| Due       | Principal<br><u>Amount</u> | Interest<br><u>Rate</u> | Yield |
|-----------|----------------------------|-------------------------|-------|
| Due       | Amount                     | Mate                    | 11010 |
| 4/1/2027  | 220,000                    |                         |       |
| 10/1/2027 | 225,000                    |                         |       |
| 4/1/2028  | 235,000                    |                         |       |
| 10/1/2028 | 240,000                    |                         |       |
| 4/1/2029  | 245,000                    |                         |       |
| 10/1/2029 | 255,000                    |                         |       |
| 4/1/2030  | 260,000                    |                         |       |
| 10/1/2030 | 265,000                    |                         |       |
| 4/1/2031  | 275,000                    |                         |       |
| 10/1/2031 | 280,000                    |                         |       |
| 4/1/2032  | 290,000                    |                         |       |
| 10/1/2032 | 300,000                    |                         |       |
| 4/1/2033  | 305,000                    |                         |       |
| 10/1/2033 | 315,000                    |                         |       |
| 4/1/2034  | 325,000                    |                         |       |
| 10/1/2034 | 335,000                    |                         |       |
| 4/1/2035  | 340,000                    |                         |       |
| 10/1/2035 | 350,000                    |                         |       |
| 4/1/2036  | 360,000                    |                         |       |
| 10/1/2036 | 375,000                    |                         |       |
| 4/1/2037  | 385,000                    |                         |       |
| 10/1/2037 | 395,000                    |                         |       |
| 4/1/2038  | 375,000                    |                         |       |

<sup>\*</sup> Preliminary, subject to change.

<sup>\*\*</sup> Serial maturities may be aggregated into one or more term bonds with mandatory sinking fund payments per the serial maturity schedule.

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

No dealer, broker, salesman or other person has been authorized by the Board, the City, the CID 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 any of the foregoing. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information set forth herein has been obtained from the Board, the City, the CID and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Board or the Underwriter. 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 Board, the CID or the City since the date hereof.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BOARD. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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

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

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

## TABLE OF CONTENTS

| Page   |
|--|
| INTRODUCTORY STATEMENT 1                     |
| Purpose of the Official Statement1           |
| The Board1                                   |
| The City1                                    |
| The CID1                                     |
| Loan of Bond Proceeds1                       |
| The Bonds                                    |
| Security for the Bonds2                      |
| Annual Appropriation Covenant                |
| Additional Bonds2                            |
|  |
| CID Sales Tax Revenues                       |
| Subordinate Lien on Certain TIF Revenues3    |
| Bondowners' Risks3                           |
| Continuing Disclosure3                       |
| Definitions and Summaries of Legal           |
| Documents3                                   |
| <b>THE BOARD</b> 4                           |
| General4                                     |
| Organization and Membership4                 |
| Other Indebtedness of the Board              |
| <b>THE CITY</b>                              |
| PLAN OF FINANCING                            |
| Financing of the Events Center               |
| Estimated Sources and Uses of Funds          |
| THE CID                                      |
| General                                      |
| Land Area and Existing Development           |
| CID Governance and Administration            |
|  |
| CID Sales Tax10<br>THE EVENTS CENTER PROJECT |
|  |
| Events Center                                |
| Adjacent lce and Practice Facility           |
| Infrastructure Improvements14                |
| Budget14                                     |
| Design of the Events Center14                |
| Construction of the Events Center15          |
| Development Schedule15                       |
| Management Services15                        |
| <b>THE BONDS</b> 15                          |
| General Terms15                              |
| Book-Entry Only System16                     |
| Redemption18                                 |
| Transfer Outside Book-Entry Only System21    |
| CUSIP Numbers                                |
| SECURITY AND SOURCES OF PAYMENT              |
| FOR THE BONDS                                |
| General                                      |
| Special, Limited Obligations                 |
| The Financing Agreement                      |
| City Annual Appropriation Obligation22       |
|  |

|   | Page                                |  |  |  |  |
|---|-------------------------------------|--|--|--|--|
|   | s Tax Revenues23                    |  |  |  |  |
| Subordinate Lien on Certain TIF Revenues2 |                                     |  |  |  |  |
| Debt Service Reserve Fund24               |                                     |  |  |  |  |
| The Indenture24                           |                                     |  |  |  |  |
|   | al Bonds25                          |  |  |  |  |
| BONDOWN                                   | ERS' RISKS                          |  |  |  |  |
|   |                                     |  |  |  |  |
|   | ors Relating to the City's          |  |  |  |  |
|   | tions to Make Loan Payments         |  |  |  |  |
|   | ors Relating to the Collection of   |  |  |  |  |
|   | ales Tax and TIF Revenues           |  |  |  |  |
|   | Design and Construction of Events   |  |  |  |  |
|   |                                     |  |  |  |  |
|   | Additional Bonds28                  |  |  |  |  |
|   |                                     |  |  |  |  |
|   | Interest Rates                      |  |  |  |  |
|   | remium Upon Early Redemption 29     |  |  |  |  |
|   | ional Challenge of Kentucky State   |  |  |  |  |
|   | e Tax Exemption for Interest Paid   |  |  |  |  |
|   | -Exempt Bonds29                     |  |  |  |  |
|   | ional Interest or Mandatory         |  |  |  |  |
|   | ption upon Missouri Taxability29    |  |  |  |  |
|   | ation of Taxability29               |  |  |  |  |
|   | nent of Remedies                    |  |  |  |  |
|   | ent of Indenture                    |  |  |  |  |
|   | N                                   |  |  |  |  |
|   |                                     |  |  |  |  |
| The City.                                 |                                     |  |  |  |  |
|   | TTERS 30                            |  |  |  |  |
|   | ERS31                               |  |  |  |  |
|   | of Bond Counsel31                   |  |  |  |  |
|   | x Consequences32                    |  |  |  |  |
|   |                                     |  |  |  |  |
|   | L STATEMENTS 32                     |  |  |  |  |
|   | NG DISCLOSURE 32                    |  |  |  |  |
|   | ITING                               |  |  |  |  |
| MISCELLA                                  | NEOUS                               |  |  |  |  |
| Appendix A:                               | Information Concerning the City of  |  |  |  |  |
| rippendik / f.                            | Independence, Missouri              |  |  |  |  |
| Appendix B:                               | Accountants' Report and Audited     |  |  |  |  |
| ••  | Financial Statements of the City of |  |  |  |  |
|   | Independence, Missouri for Fiscal   |  |  |  |  |
|   | Year Ended June 30, 2007;           |  |  |  |  |
|   | Unaudited Financial and Operating   |  |  |  |  |
|   | Report for Period Ended January 31, |  |  |  |  |
|   | 2008                                |  |  |  |  |
| Appendix C:                               | Definitions of Words and Terms and  |  |  |  |  |
|   | Summaries of Certain Legal          |  |  |  |  |
| A number D                                | Documents                           |  |  |  |  |
| Appendix D:                               | Form of Opinion of Bond Counsel     |  |  |  |  |

### **OFFICIAL STATEMENT**

#### **MISSOURI DEVELOPMENT FINANCE BOARD**

## \$12,065,000<sup>\*</sup> Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

#### **INTRODUCTORY STATEMENT**

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the Cover Page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in Appendix C hereto.

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

This Official Statement, including the cover page and the Appendices, sets forth certain information in connection with (i) the issuance and sale by the Missouri Development Finance Board, a body corporate and politic of the State of Missouri (the "Board"), of the above-described series of bonds (the "Bonds"), (ii) the City of Independence, Missouri (the "City"), (iii) the Independence Events Center Community Improvement District, a political subdivision of the State of Missouri (the "CID"), and (iv) the Events Center Project more fully described herein (the "Events Center").

#### The Board

The Board is a body corporate and politic created and existing under the laws of the State of Missouri, including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the "Act").

#### The City

The City is a constitutional charter city and political subdivision of the State of Missouri. See the caption "THE CITY" herein and "APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI."

#### The CID

The CID is a community improvement district, and a political subdivision of the State of Missouri, formed under Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the "CID Act"). The District was formed on December 20, 2007, through the passage of an ordinance by the City Council of the City. See the caption **"THE CID"** herein

#### Loan of Bond Proceeds

The proceeds of the Bonds will be loaned by the Board to the City pursuant to a Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") to permit the City to reimburse or pay the costs of design, construction and development of the Events Center. A description of the Events Center is set forth under the caption "THE REDEVELOPMENT PROJECT." The proceeds of the Bonds will also be used to

fund a Debt Service Reserve Fund for the Bonds and to pay the costs of issuing the Bonds, all as more fully described herein under the caption "SOURCES AND USES OF FUNDS."

#### The Bonds

The Bonds will be issued pursuant to the Act and the Bond Trust Indenture dated April 1, 2008 (the "Indenture"), all between the Board and Commerce Bank, N.A., Kansas City, Missouri (the "Trustee"), for the purpose of providing funds to make a loan to the City pursuant to the Financing Agreement, in consideration of payments by the City, which will be sufficient to pay the principal of, premium, if any, and the interest on the Bonds, all as more fully described in the Financing Agreement and the Indenture. A description of the Bonds is contained in this Official Statement under "THE BONDS." All references to the Bonds are qualified in their entirety by the definitive forms thereof and the provisions with respect thereto included in the Indenture and the Financing Agreement.

#### Security for the Bonds

The Bonds and the interest thereon are special, limited obligations of the Board payable by the Board solely from (1) certain payments to be made by the City under the Financing Agreement, (2) subject to the conditions described herein, certain CID Sales Tax Revenues and TIF Revenues; and (3) certain other funds held by the Trustee under the Indenture, and not from any other fund or source of the Board. Payments under the Financing Agreement are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of, premium, if any, and interest on the Bonds. Except as noted herein, all payments by the City under the Financing Agreement are subject to annual appropriation. Pursuant to the Indenture, the Board will assign to the Trustee, for the benefit and security of the registered owners of the Bonds, substantially all of the rights of the Board in the Financing Agreement, including all Loan Payments and Additional Payments payable thereunder.

The Bonds are not an indebtedness of the Board, the City, the CID, the State of Missouri or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the state of Missouri. Neither the full faith and credit nor the taxing powers of the City, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

#### Annual Appropriation Covenant

The Financing Agreement contains an annual appropriation covenant pursuant to which the City agrees to budget and appropriate sufficient moneys to pay all Loan Payments and reasonably estimated Additional Payments for the next succeeding fiscal year. If the City continues to appropriate such moneys, the City's obligations to make Loan Payments and Additional Payments will be payable from all general fund revenues of the City for that fiscal year. The taxing power of the City is not pledged to the payment of Loan Payments either as to principal or interest. See the caption "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS – Annual Appropriation Obligation of the City."

#### **Additional Bonds**

The Indenture provides for the issuance of additional bonds ("Additional Bonds") which, if issued, would rank on a parity with the Bonds and any other bonds then outstanding under such Indenture issued on a parity with the Bonds. See "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS – Additional Bonds" and "SUMMARY OF THE INDENTURE – Additional Bonds" in Appendix C hereto.

#### **CID Sales Tax Revenues**

As more fully described herein, the City's obligation to make Loan Payments with respect to the Bonds under the Financing Agreement will, in addition to the annual appropriation covenant discussed in the preceding paragraph, be secured by the CID Sales Tax Revenues (defined herein). The CID Sales Tax Revenues are subject to annual appropriation by the Board of Directors of the CID. The CID Sales Tax Revenues consist of the collections of a sales tax to be levied by the CID, less certain administration and collection costs.

#### Subordinate Lien on Certain TIF Revenues

The City will, on a subordinate basis, subject to annual appropriation, pledge certain TIF Revenues from four existing tax increment financing redevelopment areas to the payment of the Bonds. The TIF Revenues available to make payments on the Bonds will be limited to an amount equal to 50% of the CID Sales Tax Revenues generated within the four tax increment financing districts and which are captured by the existing TIF districts, and not from any other revenues generated as a result of tax increment financing in those districts. The City has completed amendments to the applicable TIF Plans to allow the funding of the Events Center from these revenues on a subordinate basis. The pledge of such revenues will be subordinate to the payment of other outstanding bonds issued by the Board for projects unrelated to the Events Center and the payment of certain other amounts and will be also be subordinate to the payment of additional bonds the City may issue that are payable from such revenues. As a result potential investors should not purchase the Bonds in reliance on the availability of such TIF Revenues being available for payment of the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Subordinate Lien on Certain TIF Revenues" herein.

#### **Bondowners' Risks**

Payment of the principal of and interest on the Bonds is primarily dependent upon the collection of CID Sales Tax Revenues and the City's decision to continue to annually appropriate sufficient moneys to make Loan Payments under the Financing Agreement. See "BONDOWNERS' RISKS" for a discussion of certain risks.

#### **Continuing Disclosure**

The City will execute a Continuing Disclosure Agreement for the benefit of the owners of the Bonds to provide certain annual financial information and notices of the occurrence of certain material events. The information will include a description of the CID Sales Tax Revenues and TIF Revenues received by the City. A summary of the Continuing Disclosure Agreement is attached to this Official Statement in Appendix C hereto.

#### **Definitions and Summaries of Legal Documents**

Definitions of certain words and terms used in this Official Statement are set forth in *Appendix C* of this Official Statement. Summaries of the Indenture, the Financing Agreement, the City's Authorizing Ordinance, Cooperative Agreement between the CID and the City (the "Cooperative Agreement") and the Continuing Disclosure Agreement are included in this Official Statement in **Appendix C** hereto, except as otherwise noted. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be viewed at the principal corporate trust office of the Trustee, Commerce Bank, N.A., Corporate Trust Department, 922 Walnut, 10<sup>th</sup> Floor, Kansas City, Missouri 64106. Copies of such documents and the other documents described herein will be available at the offices of the

Underwriter, Piper Jaffray & Co., at 11150 Overbrook Road, Suite 310, Leawood, Kansas 66211 during the period of the offering and, thereafter, at the principal corporate trust office of the Trustee.

#### **THE BOARD**

#### General

The issuer of the Bonds is the Missouri Development Finance Board (the "Board"). The Board is a body corporate and politic created and existing under the laws of the State of Missouri, including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the "Act"). The Bonds will be authorized and issued by the Board under the provisions of the statutes of the State of Missouri, including the Act. Missouri law requires that the State shall not be liable in any event for the payment of the principal of or interest on any bonds of the Board or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Board and no breach of any such pledge, mortgage, obligation or agreement may impose any pecuniary liability upon the State or any charge upon the general credit or taxing power of the State.

#### **Organization and Membership**

The Board was established pursuant to the Act in 1982 and consists of twelve members, eight of which are appointed by the Governor, with the advice and consent of the Senate. The Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Natural Resources serve as ex-officio, voting members of the Board. No more than five of the members may be of the same political party except for the Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Resources. Appointed members serve terms of four years. Each member of the Board continues to serve until a successor has been duly appointed and qualified.

• Robert V. Miserez — Executive Director of the Board

As of the date hereof, the members of the Board and the terms of appointed members are as follows.

- *Peter D. Kinder* Chairman. The Honorable Peter Kinder is the Lieutenant Governor of the State of Missouri.
- John D. Starr Vice Chairman, term as a member expires September 14, 2011. Mr. Starr is Chief Executive Officer of KOCH Equipment LLC, a worldwide distributor and manufacturer for the meat and food industry located in Kansas City, Missouri.
- Larry D. Neff Secretary, term as a member expires September 14, 2010. Mr. Neff is President of Larry Neff Management and Development in Neosho, Missouri.
- Nelson C. Grumney, Jr. Treasurer, term as a member expires September 14, 2008. Mr. Grumney is President and Chief Executive Officer of Neland Investment Management, LLC in St. Louis, Missouri.
- *Paul S. Lindsey* term as a member expired September 14, 2003. Mr. Lindsey is President of Alliance Energy LLC in Lebanon, Missouri.

- *Richard J. Wilson* term as a member expires September 14, 2008. Mr. Wilson is Executive Vice President of Jefferson Bank of Missouri in Jefferson City, Missouri.
- L.B. Eckelkamp, Jr. term as a member expires September 14, 2007. Mr. Eckelkamp is Chairman of the Board of Bank of Washington in Washington, Missouri.
- Danette D. Proctor term as a member expires September 14, 2010. Ms. Proctor is co-owner of D-4 Investments, LLC in Springfield, Missouri.
- John E. Mehner term as a member expires September 14, 2011. Mr. Mehner is President and CEO of the Cape Girardeau Area Chamber of Commerce in Cape Girardeau, Missouri.
- *Gregory A. Steinhoff* ex-officio member. Mr. Steinhoff is the Director of the Department of Economic Development.
- *Katie Smith* ex-officio member. Ms. Smith is the Director of the Department of Agriculture.
- *Doyle Childers* ex-officio member. Mr. Childers is the Director of the Department of Natural Resources.

#### Other Indebtedness of the Board

The Board has sold and delivered other bonds and notes secured by instruments separate and apart from, and not secured by, the Indenture securing the Bonds. The holders and owners of such bonds and notes have no claim on assets, funds or revenues of the Board pledged under the Indenture, and the owners of the Bonds will have no claim on assets, funds or revenues of the Board securing other bonds and notes. The Board has never defaulted on any of its bonds or notes.

With respect to additional indebtedness of the Board, the Board intends to enter into separate agreements for the purpose of providing financing for other eligible projects and programs. Issues that may be sold by the Board in the future will be created under separate and distinct indentures or resolutions and secured by instruments, properties and revenues separate from those securing the Bonds.

EXCEPT FOR INFORMATION CONCERNING THE BOARD IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED **"THE BOARD"** AND **"LITIGATION – THE BOARD**," NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOARD AND THE BOARD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

#### THE CITY

Incorporated in 1849, the City of Independence, Missouri (the "City") is the county seat of Jackson County, Missouri and adjoins Kansas City, Missouri to the west. The City is the fourth largest city in Missouri. The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the voters in October 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City.

Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms. Certain information describing the City is attached hereto in **Appendix A**.

#### PLAN OF FINANCING

#### **Financing of the Events Center**

The Board expects to issue in the aggregate approximately \$67,365,000<sup>+</sup> in bonds (including the Bonds) at the request of the City to finance the costs of acquiring, developing, constructing, equipping and opening the Events Center. Any bonds issued subsequent to the Bonds for the Events Center will be issued as Additional Bonds. The proposed Additional Bonds will be secured on a parity with the Bonds, (except with respect to the Series 2008D Account of the Debt Service Reserve Fund which shall only be pledged to secure the Bonds), and therefore will share an equal claim on the CID Sales Tax Revenues. The Bonds are the first series of bonds issued for the Project. See "PLAN OF FINANCING," "THE EVENTS CENTER PROJECT – Related Series of Bonds," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds" and "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

Based up the current development schedule, the City expects the future series of bonds to be issued in the later this year and next year when additional funds are needed. The City may request that the Board issue Additional Bonds before that time if it determines that such issuance will be beneficial to the City.

#### Estimated Sources and Uses of Funds\*

The proceeds of the Bonds and Additional Bonds will be applied as follows:

Sources of Funds:

|  | Series 2008D | Future           |                  |
|--|--------------|------------------|------------------|
|  | Bonds        | Series           | Total            |
| Principal amount                                     | \$12,065,000 | \$55,280,000     | \$67,345,000     |
| Reoffering Premium (Discount)                        |              |                  |                  |
| Accrued Interest                                     |              |                  |                  |
| Total sources of funds                               | \$12,065,000 | \$55,280,000     | \$67,345,000     |
| Uses of Funds:                                       |              |                  |                  |
|  | Series 2008D | Future           |                  |
|  | Bonds        | Series           | Total            |
| Deposit to the Project Fund                          | \$10,000,000 | \$50,000,000     | \$60,000,000     |
| Debt Service Reserve Fund                            | 837,193      | 3,802,219        | 4,639,412        |
| Debt Service Fund                                    |              |                  | 627,656          |
| Capitalized Interest                                 | 627,656      |                  |                  |
| Costs of Issuance (including Underwriter's Discount) | 600,151†     | <u>1,477,781</u> | <u>2,077,932</u> |
| Total uses of funds                                  | \$12,065,000 | \$55,280,000     | \$67,345,000     |

<sup>†</sup> Costs of Issuance includes fees, costs and expenses relating to the creation and implementation of the CID.

<sup>•</sup> Preliminary, subject to change.

#### THE CID

#### General

The Independence Events Center Community Improvement District (the "CID") is a community improvement district, and a political subdivision of the State of Missouri, formed under Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the "CID Act"). The District was formed on December 20, 2007, through the passage of an ordinance by the City Council of the City.

#### Land Area and Existing Development

The CID encompasses approximately 1,294 acres generally located at the intersection of Interstate 70 and Missouri Highway 291, all within the city limits of the City, and as further identified in the map below. The boundaries of the CID include a significant amount of existing retail development, including the following:.

1. <u>Eastland Center</u> – The Eastland Center Project is a tax increment financing project initiated by the City over approximately 212 acres. The Eastland Center area includes retail, commercial and hotel development, including a Costco and Lowe's. Further office development is anticipated in the Eastland Center area. The site of the Events Center is also within the Eastland Center tax increment financing redevelopment area.

2. <u>Bolger Square</u> – Bolger Square is also a tax increment financing project initiated by the City. However, the City will concurrently with the issuance of the bonds, terminate tax increment financing for this project as all project costs will have been paid. The retail and commercial development in Bolger Square is anchored by Target, JC Penney and Dick's Sporting Goods.

3. <u>Independence Center</u> – Independence Center is an indoor shopping mall with over 130 stores including Dillard's, Macy's and Sears. Independence Center is within the boundaries of the CID but is not within an existing tax increment financing area of the City. Independence Center is managed by Simon Property Group, Inc.

4. <u>Crossroads</u> - The Crossroads development contains a Wal-Mart, Sam's Club, PetSmart and several restaurants. The Crossroads development is generally located west and north of Independence Center and is within the CID. Crossroads was formerly a tax increment financing project but tax increment financing is no longer in effect because all eligible redevelopment project costs have been paid.

5. <u>Independence Commons</u> – This shopping center is located within the CID generally north of Independence Center and includes a Best Buy, Marshalls, Barnes & Noble, Shoe Carnival, Bed Bath and Beyond, Kohl's, a 20 screen AMC Independence Commons movie theater and other commercial uses. As with Crossroads, Independence Commons was formerly a tax increment financing project but tax increment financing is no longer in effect because all eligible redevelopment project costs have been paid.

6. <u>Centerpoint Project</u> – the Centerpoint redevelopment project is comprised of a 257 bed hospital facility, an ambulatory surgery center and a medical office building. The Centerpoint Project will not generate significant sales tax revenue.

7. <u>Trinity Project</u> – The Trinity tax increment financing project is still in the early stages of development. It is projected to include retail stores, including restaurants,

comprising approximately 33,200 square feet, approximately 98,250 square feet of general commercial space and multiple office buildings.

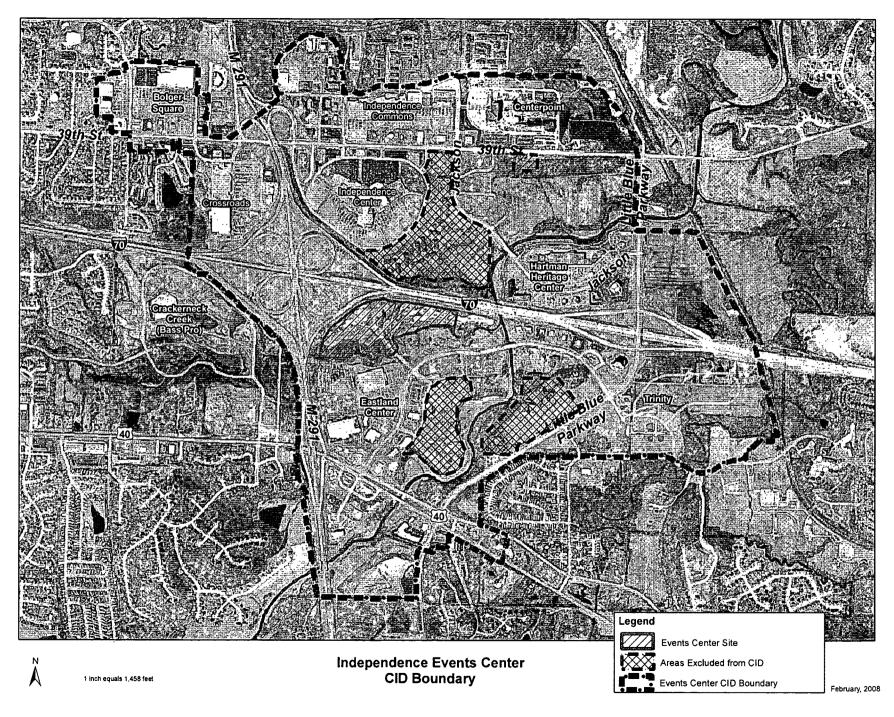
8. <u>Hartman Heritage Center</u> – Hartman Heritage Center is a tax increment financing project that is comprised of a large number of restaurant and retail establishments, including Dress Barn, Linens & Things, World Market, Thomasville Basset, Pier One Imports and Herford House as well as a 201 room Hilton Garden Inn with an 11,322 square foot ballroom.

The CID includes numerous other smaller retail establishments, restaurants and other commercial uses. Annual sales in the area of what has since become the CID during calendar year 2007 were approximately \$684,306,579. As determined by the Jackson County Assessor, the market value of real property and improvements in the CID is \$407,976,315. This figure does not include the total value of the Centerpoint Hospital, which was recently completed.

The CID is also adjacent to the Crackerneck Creek redevelopment project. This project is anticipated to include 450,000 square feet of retail space, including a 150,000 square foot Bass Pro Outdoor World Store. The Bass Pro Store is open. No other retail space is leased or under construction as of the date hereof. The Crackerneck Creek Project is not within the CID.

A map of the boundaries of the CID is included on the following page. The map identifies the general location of the other development described above. Areas noted as being excluded from the CID boundaries are residential areas. The CID does not include any residential uses.

[Remainder of Page Intentionally Left Blank]



-9-

#### **CID** Governance and Administration

The CID Act vests all power of the District in a Board of Directors. The Board of Directors is appointed by the City. Members of the Board of Directors serve a term of four years, except that the term of the initial members of the Board of Directors are staggered so that the terms of the initial members are either two-year or four-year terms. Each director serves without compensation and may be removed by the District with cause. The by-laws of the District provide for the annual election of officers.

The current directors and officers of the District and the date on which their terms expire are as follows:

| Name              | Office                             | Affiliation                                  | <b>Term Expires</b> |
|-------------------|------------------------------------|--|---------------------|
| Larry Kaufman     | Chairman and<br>Executive Director | City of Independence,<br>Asst. City Manager  | 12/19/2011          |
| Stephanie Roush   | Vice-Chairman                      | City of Independence,<br>Director of Tourism | 12/19/2009          |
| James C. Harlow   | Treasurer                          | City of Independence,<br>Director of Finance | 12/19/2011          |
| Vernon Meckel     | Secretary                          | Simon Property Group,<br>Mall Manager        | 12/19/2009          |
| G.L. "Tom" Thomas | n/a                                | Blue Ridge Bank,<br>Chairman of the Board    | 12/19/2009          |

To be eligible to serve as a Director an individual must be (1) at least twenty-one years of age; and (2) be either an owner, or representative of an owner, of real property within the District.

The CID has entered into a Cooperative Agreement with the City (the "Cooperative Agreement") which provides that the CID will, subject to annual appropriation by the CID, remit the collections of the CID Sales Tax to the City on a monthly basis. The City will then apply the CID Sales Tax Revenues to make principal and interest payments on the Bonds. Once each semiannual principal and interest payment is made, the City may expend remaining CID Sales Tax Revenue on public improvements and services eligible for funding under the CID Act and the Cooperative Agreement. These include such things as a bus or trolley system to operate in the area of the CID and any capital costs related to the Events Center not paid out of the proceeds of the Bonds.

#### **CID** Sales Tax

On February 26, 2008, the qualified voters of the District approved the imposition of a sales tax in the amount of up to one percent (1%) on all transactions that are taxable pursuant to the CID Act (the "CID Sales Tax"). The current intention of the CID is that the CID Sales Tax will be imposed at a rate of .5% for a period of 20 years and thereafter be increased to .625% for the remaining life of the CID. The intention of the CID Sales Tax Rate was presented to the voters of the District during the election process, with the understanding that the rate of the tax would be increased if necessary, but only to the maximum of 1.0%, to pay debt service on any bonds issued to finance the completion of the Events Center. Based on current projections, the rate of the CID Sales Tax will need to be increased above .5% to pay debt service on the Bonds and the Additional Bonds projected to the issued to fund completion of the Events

Center. See "**Projected Debt Service Coverage of the CID Sales Tax Revenues**" below. No further voter authorization for such increase is needed. As Additional Bonds are issued, the City will assess the level of the CID Sales Tax and projected CID Sales Tax Revenues for the then upcoming year to determine if an increase in the rate of the CID Sales Tax is needed.

The CID Sales Tax is to remain in effect for 35 years. Businesses having taxable sales in the CID would collect the CID Sales Tax and forward it to the State of Missouri, which in turn will remit the CID Sales Tax to the District. The CID Sales Tax will be collected beginning July 1, 2008.

In the Cooperative Agreement, the CID has covenanted, subject to annual appropriation by the Board of Directors of the CID, to remit moneys it receives from the CID Sales Tax to the City. The City has covenanted under the Financing Agreement to use CID Sales Tax Revenues for payment of the Bonds. CID Sales Tax Revenues consist of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the City for administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue. The City estimates that the total amount of such administrative and collection costs (exclusive of collection costs of the State which are set at 1% of collections) will be approximately \$66,400 on an annual basis.

Pursuant to the Authorizing Ordinance, on each semiannual payment date, the City will use the CID Sales Tax Revenues to make principal and interest payments on the Bonds. After making such payments, the City may use available CID Sales Tax Revenues for the purpose of paying costs of other public improvements and services in the District. See "SUMMARY OF THE AUTHORIZING ORDINANCE" in Appendix C hereto.

[Remainder of Page Intentionally Left Blank]

#### Projected Debt Service Coverage of the CID Sales Tax Revenues

The following table summarizes projected debt service coverage for the Bonds and anticipated Additional Bonds (an estimated total of \$67,365,000) based on the CID Sales Tax Revenues starting in calendar year 2009 if the CID Sales Tax is levied at the highest rate that has been authorized by the voters of the CID, 1.0%, throughout the term of the Bonds. The CID Sales Tax has been initially levied at the rate of .5%. The City anticipates that the amount of the CID Sales Tax will be increased as needed to pay debt service on the Bonds and any Additional Bonds up to the maximum authorized rate of 1%. See the caption "THE CID - CID Sales Tax" herein.

The table uses gross sales revenues information for businesses operating within the CID District for the calendar year ending December 31, 2007, and assumes no annual increase in gross sales in the CID.

| Calendar Year | Estimated<br>CID Sales Tax<br>Revenues <sup>1</sup> | Other<br>Revenues <sup>2</sup> | Total<br>Projected<br>Revenues | Projected Total<br>Debt Service <sup>3</sup> | Projected<br>Coverage |
|---------------|---|--------------------------------|--------------------------------|--|-----------------------|
| 2009          | \$6,500,912   | \$649,148                      | \$7,150,060                    | \$3,997,334                                  | 1.79                  |
| 2010          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,629,838                                  | 1.45                  |
| 2011          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,629,338                                  | 1.45                  |
| 2012          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,627,038                                  | 1.45                  |
| 2013          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,628,038                                  | 1.45                  |
| 2014          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,626,938                                  | 1.45                  |
| 2015          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,628,738                                  | 1.45                  |
| 2016          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,628,438                                  | 1.45                  |
| 2017          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,625,025                                  | 1.45                  |
| 2018          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,625,903                                  | 1.45                  |
| 2019          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,627,044                                  | 1.45                  |
| 2020          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,627,538                                  | 1.45                  |
| 2021          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,625,766                                  | 1.45                  |
| 2022          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,627,806                                  | 1.45                  |
| 2023          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,628,078                                  | 1.45                  |
| 2024          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,630,334                                  | 1.45                  |
| 2025          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,628,131                                  | 1.45                  |
| 2026          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,629,881                                  | 1.45                  |
| 2027          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,630,047                                  | 1.45                  |
| 2028          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,628,628                                  | 1.45                  |
| 2029          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,622,650                                  | 1.45                  |
| 2030          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,623,188                                  | 1.45                  |
| 2031          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,625,338                                  | 1.45                  |
| 2032          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,628,550                                  | 1.45                  |
| 2033          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,627,413                                  | 1.45                  |
| 2034          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,629,975                                  | 1.45                  |
| 2035          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,629,125                                  | 1.45                  |
| 2036          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,626,344                                  | 1.45                  |
| 2037          | \$6,500,912   | \$197,157                      | \$6,698,069                    | \$4,625,913                                  | 1.45                  |
| 2038          | \$2,166,971   | \$4,737,566                    | \$6,904,537                    | \$4,737,394                                  | 1.46                  |

<sup>&</sup>lt;sup>1</sup> Assumes gross sales at 2007 levels as estimated by the City with no annual increase. Net of estimated collection and administration expenses, and includes TIF Revenues but no other revenues from tax increment financing. The City anticipates that the tax will be collected through the year 2043.

Represents estimated earnings on debt service reserve fund, capitalized interest in 2009 and release of reserves in 2038.

<sup>&</sup>lt;sup>3</sup> Estimated debt service on three series of bonds in the aggregate principal amount of \$67,365,000 with combined True Interest Cost of 5.436%.

The foregoing table assumes that the total amount of Bonds and Additional Bonds the City expects to issue is \$67,365,000. While the City believes this will provide adequate funds to construct, equip and begin operations of the Events Center, the Events Center has not been designed and the actual projects costs are not known at this time. See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center." If costs of the Event Center exceed current estimates or if interest rates are higher than expected, the projected debt service coverage shown above will be lower. See "BONDOWNERS' RISKS – Projected Interest Rates." Nothing in the Indenture or Financing Agreement requires the City to have a positive coverage of debt service. The issuance of the Additional Bonds is not subject to any parity test so long as the City secures such Additional Bonds with its annual appropriation covenant. Pursuant to the Financing Agreement the City is obligated to complete construction of the Events Center whether or not the City is able to issue bonds or cause the Board to issue bonds to fund such costs.

#### THE EVENTS CENTER PROJECT

Completion of the Events Center consists of three basic categories of improvements, which include an Events Center, an Adjacent Ice and Practice Facility, and related Infrastructure Improvements, each as further described below. The site for the Events Center will be an approximately 27 acre tract of land at the southeast quadrant of the intersection of Interstate 70 and Missouri Highway 291, as identified on the map on page 9. The Events Center will be owned by the City.

#### **Events Center**

The Events Center will be capable of hosting sporting, civic and entertainment events and will contain approximately 162,000 square feet of space on two levels. The Events Center will have a maximum seating capacity of 6,100 spectators for sporting events and 8,100 for concert events, with 29 luxury suites. The capacity of the Events Center is expanded from 6,100 to 8,100 for concerts and other special events by the use of approximately 2,000 folding or stacking chairs. The seating totals also include approximately 500 club seats and a separate loge section which will be served by lounges with bars and concessions.

The rink area will be based on NHL standards of 85 feet x 200 feet, with an ice rink designed to withstand repeated quick changes from ice events to non-ice events. The facility will also include administrative offices, a box office, janitorial and equipment rooms, home team and visitor locker rooms, public toilet facilities, concession areas, and a stage for concert events. There will be separate rooms to accommodate the press, radio, and statisticians and to control sound and lighting equipment.

The City anticipates that a Central Hockey League ("CHL") minor league hockey franchise will utilize the Events Center. The CHL currently consists of 18 teams located in mid-market communities throughout the Central and Western regions of the United States. The franchise would be owned by Global Entertainment Corporation ("Global") which also owns the CHL, or sold to a franchisee. It is currently expected that Global or a subsidiary will manage the Events Center for the City. See the caption "DEVELOPMENT AND MANAGEMENT OF THE EVENTS CENTER PROJECT" herein for a description of Global, its subsidiaries and the management agreement.

#### **Adjacent Ice and Practice Facility**

The Adjacent Ice and Practice Facility will be under the same roof as the Events Center but will be set up as a separate facility. The facility will contain approximately 28,200 square feet and will contain a standard NHL size rink of 85 feet x 200 feet. The facility will also include its own lobby and spectator bleacher seating for approximately 270 spectators, a storage area for various hockey and figure

skating gear, a skate rental area, separate concession areas, a party room, restroom facilities, and shared locker rooms with the main Events Center facility. The City's Parks and Recreation Department will have an administrative office in the facility. Scoreboards and some minimal electronic signage will also be installed. The facility will utilize the same mechanical equipment and infrastructure to be constructed for the Events Center. The City anticipates that the Adjacent Ice and Practice Facility will be used by the public and also for practices by the CHL franchise. See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

#### Infrastructure Improvements

Site infrastructure improvements will be made to accommodate the Events Center. Parking will be provided in accordance with City of Independence design criteria. Streets necessary to access the Events Center will be constructed. Utilities will be extended to the site, and landscaping, grading, drainage, and erosion control will be provided as part of the site improvements.

#### **Budget for Construction of the Events Center**

The budget for completion of the Events Center is currently projected as follows:

| Events Center and Adjacent Ice |              |
|--------------------------------|--------------|
| and Practice Facility          | \$50,000,000 |
| Infrastructure                 | \$4,193,446  |
| Land Acquisition               | \$5,806,554  |
| Total                          | \$60,000,000 |

The final budget will be dependent upon final design for the project and bids received by the City. As of the date hereof, design of the project has not commenced and the City has neither solicited nor received bids for the project. See "DEVELOPMENT AND MANAGEMENT OF THE EVENTS CENTER **PROJECT – Design and Construction.**" The City has taken an assignment of the contract for the acquisition of real estate for the project, and anticipates the closing of such acquisition to occur during April, 2008. See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

Payment of the principal of and interest on the Bonds is <u>not</u> secured by any deed of trust, mortgage or other lien on the Events Center or any other facilities or property of the City. The City will not pledge any operating revenues from the Events Center to the payment of the Bonds.

## DEVELOPMENT AND MANAGEMENT OF THE EVENTS CENTER PROJECT

#### **Design of the Events Center**

The City anticipates hiring The Benham Companies, L.L.C., as the project manager to act as the City's representative in the oversight of the Events Center ("Benham"). Benham has been in business since 1909 and has provided project management services for projects such as Branson Landing, Branson, Missouri; the Branson Convention Center; Ford Center Arena, Oklahoma City; and the St. Louis Renaissance Grand Hotel and Suites.

The City anticipates hiring Sink Combs Dethlefs to provide architectural and engineering design services for the Project ("Sink Combs"). Sink Combs was founded in Denver, Colorado in 1962, and has provided architectural and engineering services for over 24 arena and event center projects throughout the

United States. Facilities similar to the Events Center for which Sink Combs has provided architectural services include following projects: HP Pavilion, San Jose, CA; MTS Centre, Winnipeg, Manitoba CAN; Broomfield Event Center, Broomfield, CO; Ford Center, Oklahoma City, OK; Rio Rancho Events Center, Rio Rancho, NM and Tim's Toyota Center, Prescott Valley, AZ. See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

#### **Construction of the Events Center**

The City will enter into a separate agreement with one or more general contractors to provide construction services, materials and labor for the construction of the Project. The City is in the process of evaluating potential contractors.

#### **Development Schedule**

The City currently expects that the Events Center will be developed on the following schedule:

Projected Date

|                          | <u>Hojected Bate</u> |
|--------------------------|----------------------|
| Acquire land             | April 4, 2008        |
| Design Completion        | June 30, 2008        |
| Commence construction    | June 15, 2008        |
| Opening of Events Center | December 1, 2009     |

#### See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

#### **Management Services**

The City is currently negotiating various management agreements with Global Entertainment Corporation, a Nevada corporation ("Global"). Global is a public company whose stock is traded on the American Stock Exchange under the symbol "GEE." Global is an event and entertainment company that is engaged, through its seven wholly owned subsidiaries, in sports management, multipurpose events center and related real estate development, facility and venue management and marketing, venue ticketing and brand licensing. Global was organized as a Nevada corporation on August 20, 1998, under the name Global II, Inc. It is anticipated that Global, with the assistance of its subsidiaries, will provide consultation services during the design and construction of the Events Center and Adjacent Ice and Practice Facility and will manage the facilities upon completion. No agreements for such services have been executed with Global or any of its subsidiaries and there can be no assurance that the City will be able to reach final terms with Global. If the City is unable to reach agreement with Global the City intends to seek competitive proposals from other qualified management firms.

#### THE BONDS

#### **General Terms**

-

The Bonds are being issued in the principal amounts shown on the cover page, are dated April 1, 2008, will bear interest from the date thereof or from the most recent interest payment date to which interest has been paid at the rates per annum set forth on the inside cover page, payable semi-annually on April 1 and October 1 of each year, and will mature semi-annually on April 1 and October 1 in the years as set forth on the inside cover page. The Bonds are issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The principal of the Bonds are payable at the principal corporate trust office of the Trustee.

The interest on the Bonds is payable (a) by check or draft mailed by the Trustee to the persons who are the registered owners of the Bonds as of the close of business on the 15th day of the month preceding the respective interest payment dates, as shown on the bond registration books maintained by the Trustee, or (b) at the expense of the registered owner, by electronic transfer of immediately available funds at the written request of any registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, if such written notice specifying the electronic transfer instructions is provided to the Trustee not less than 15 days prior to the Interest Payment Date. Purchases of the Bonds will be made in book-entry only form (as described immediately below), in the denomination of \$5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. If the specified date for any payment on the Bonds is a date other than a Business Day, such payment may be made on the next Business Day without additional interest and with the same force and effect as if made on the specified date for such payments.

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

General. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry only system (the "Book-Entry Only System") maintained by The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC or the Trustee as its "FAST" agent.

**DTC** and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Bonds 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 Bonds 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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Bonds and Exchange Commission. More information about DTC can be found at www.dtc.com and www.dtc.org.

Purchase of Ownership Interests. 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.

**Transfers.** To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 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.

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

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

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Board 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).

**Payments of Principal and Interest.** So long as any Bond is registered in the name of DTC's nominee, all payments of principal of, premium, if any, and interest on such Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from City or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Board or the City, 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 City and the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

None of the Underwriter, the Trustee, the City nor the Board will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant;

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

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

### Redemption

The Bonds are subject to redemption and payment prior to maturity as follows:

**Optional Redemption.** The Bonds maturing on \_\_\_\_\_1, 20\_\_ and thereafter are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after \_\_\_\_\_1, 20\_\_, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

*Mandatory Sinking Fund Redemption.* The Bonds maturing on \_\_\_\_\_1, 20\_\_\_ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each \_\_\_\_\_1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

Principal <u>1</u><u>Amount</u>

#### \*Final Maturity

The Bonds maturing on \_\_\_\_\_ 1, 20\_\_\_ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each \_\_\_\_\_ 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

Principal \_\_\_\_<u>1 Amount</u>

#### \*Final Maturity

The Trustee shall, in each year in which the Bonds are to be redeemed pursuant to the terms of the mandatory sinking fund requirements of the Indenture summarized above make timely selection of such Bonds or portions thereof to be so redeemed by lot in \$5,000 units of principal amount in such equitable manner as the Trustee may determine and shall give notice thereof without further instructions from the Board or the

City. At the option of the City, to be exercised on or before the 45th day next preceding each mandatory redemption date, the City shall: (1) deliver to the Trustee for cancellation Bonds of the same maturity in the aggregate principal amount desired; or (2) furnish to the Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Bonds of the same maturity from any owner thereof in the open market at a price not in excess of 100% of the principal amount thereof, whereupon the Trustee shall use its best efforts to expend such funds for such purposes to such extent as may be practical; or (3) elect to receive a credit in respect to the mandatory redemption obligation under this subsection for any Bonds of the same maturity which prior to such date have been redeemed (other than through the operation of the requirements of this subsection) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under this subsection. Each Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Board to redeem Bonds of the same maturity on the next mandatory redemption date that is at least 45 days after receipt by the Trustee of such instructions from the City any excess of such amount shall be credited on future mandatory redemption obligations for Bonds of the same maturity in chronological order or such other order as the City may designate, and the principal amount of Bonds of the same maturity to be redeemed on such future mandatory redemption dates by operation of the requirements of this paragraph shall be reduced accordingly. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) of this paragraph, the City will, on or before the 45th day next preceding the applicable mandatory redemption date, furnish the Trustee an Officer's Certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, and the Bonds of the same maturity, in the case of its election pursuant to clause (1), in respect to such mandatory redemption payment.

*Election to Redeem; Notice to Trustee.* The Board shall elect to redeem Bonds subject to optional redemption upon receipt of a written direction of the City. In case of any redemption at the election of the Board, the Board shall, at least 45 days prior to the redemption date fixed by the Board (unless a shorter notice shall be satisfactory to the Trustee) give written notice to the Trustee directing the Trustee to call Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount and maturities of Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Indenture pursuant to which such Bonds are to be called for redemption.

The foregoing paragraph shall not apply in the case of any mandatory redemption of Bonds and the Trustee shall call Bonds for redemption and shall give notice of redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Board or the City whether or not the Trustee shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

*Notice of Redemption.* Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the Board by mailing a copy of an official redemption notice by first class mail, at least 30 days and not more than 60 days prior to the redemption date to each registered owner of the Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such registered owner to the Trustee.

All official notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) the principal amount of Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where the Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee or other Paying Agent.

The failure of any owner of Bonds to receive notice given as provided herein, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

For so long as DTC is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified in this Section to DTC. It is expected that DTC will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Trustee, DTC, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Selection by Trustee of Bonds to be Redeemed. Bonds may be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. If less than all Bonds are to be redeemed and paid prior to maturity pursuant to the Indenture, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 of the principal of Bonds of a denomination larger than \$5,000; provided, however, Bonds redeemed from Excess Tax Revenues shall be redeemed in inverse order of maturity.

The Trustee shall promptly notify the Board and the City in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

**Deposit of Redemption Price.** Prior to any redemption date, the Board shall deposit with the Trustee or with a Paying Agent, from moneys provided by the City, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

**Bonds Payable on Redemption Date.** Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Board shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Board at the redemption price. Installments of interest with a due date on or prior to the redemption date shall be payable to the owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Bond.

**Bonds Redeemed in Part.** Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor (with, if the Board or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Board and the Trustee duly executed by, the owner thereof or his attorney or legal representative duly authorized in writing) and the Board shall execute and the Trustee shall authenticate and deliver to the owner of such Bond, without service charge, a new Bond or Bonds of the same series and maturity of any authorized denomination or denominations as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 (or other denomination) unit or units of principal amount called for redemption (and to that extent only).

Subject to the approval of the Trustee, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such owner and, if such owner is a nominee, the Person for whom such owner is a nominee, that payment shall be so made and that

such owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such owner shall present such Bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

So long as DTC is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified above to DTC. It is expected that DTC will, in turn, notify the DTC Participants and that the DTC Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Trustee, a DTC Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

#### **Transfer Outside Book-Entry Only System**

If the book-entry only system is discontinued, the following provisions would apply. The Bonds are transferable only upon the registration books of the Trustee upon surrender of the Bonds duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney or legal representative in a form satisfactory to the Trustee. Bonds may be exchanged for other Bonds of any denomination authorized by the Indenture in the same aggregate principal amount, series and maturity, upon presentation to the Trustee, subject to the terms, conditions and limitations set forth in the Indenture. The Trustee may make a charge for every such transfer or exchange sufficient to reimburse the Trustee for any tax or other governmental charge required to be paid with respect to any such exchange or transfer.

#### **CUSIP** Numbers

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

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

#### General

The Bonds will be issued under and will be equally and ratably secured under the Indenture which will assign and pledge to the Trustee (1) certain rights of the Board under the Financing Agreement, including the right to receive Loan Payments and Additional Payments with respect to such Bonds thereunder, and (2) the funds and accounts, including the money and investments in them, which the Trustee holds under the terms of the Indenture.

#### Special, Limited Obligations

The Bonds and the interest thereon are special, limited obligations of the Board, payable solely from certain payments to be made by the City under the Financing Agreement and certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Board, and are secured under the Indenture and the Financing Agreement as described herein. All Loan Payments and Additional Payments by the City under the Financing Agreement are subject to annual appropriation by the City except CID Sales Tax Revenues which have been received from the CID.

As more fully described herein, the City's obligation to make Loan Payments under the Financing Agreement will be secured by CID Sales Tax Revenues and TIF Revenues. The CID Sales Tax Revenues are subject to annual appropriation by the CID. The TIF Revenues are subject to annual appropriation by the City,

and are only available on a subordinate basis. Revenues from the operation of the Events Center will not be available to the City for the payment of the Bonds.

The Bonds are not an indebtedness of City, the State of Missouri or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State of Missouri. Neither the full faith and credit nor the taxing powers of the City, the State or any other political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power.

Prospective investors should not rely upon the City's collection of TIF Revenues as a source of repayment of the Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Sales Tax Revenues to repay the Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

#### The Financing Agreement

Under the Financing Agreement the City is required to make Loan Payments to the Trustee for deposit into the Debt Service Fund in amounts sufficient to pay the principal of and interest on the Bonds when due. The City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, subject to annual appropriation by the City as herein, all general fund revenues of the City. The taxing power of the City is not pledged to the payment of Loan Payments either as to principal or interest.

#### **City Annual Appropriation Obligation**

The Financing Agreement contains the following provisions with respect to the City's annual appropriation obligation:

Annual Appropriation. The City intends, on or before the last day of each Fiscal Year, to budget and appropriate moneys sufficient to pay all Loan Payments and reasonably estimated Additional Payments for the next succeeding Fiscal Year. The City shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the commencement of its Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year, the City 's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

Annual Budget Request. The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each Fiscal Year in which the Financing Agreement shall be in effect, an appropriation for all payments required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under the Financing Agreement shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate funds to make Loan Payments and Additional Payments, to pay the Loan Payments and

Additional Payments under the Financing Agreement. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments and Additional Payments may be made, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments with applicable procedures of the City and to exhaust all available for which the Loan Payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

Loan Payments to Constitute Current Expenses of the City. The Board and the City acknowledge and agree that the Loan Payments and Additional Payments under the Financing Agreement shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, nor shall anything contained in the Financing Agreement constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments under the Financing Agreement shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Financing Agreement nor the issuance of the Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year Loan Payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing in the Financing Agreement shall be construed to limit the rights of the owners of the Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. Failure of the City to budget and appropriate said moneys on or before the last day of any Fiscal Year shall be deemed an Event of Nonappropriation.

#### **CID Sales Tax Revenues**

In the Cooperative Agreement, the CID has covenanted, subject to annual appropriation by the Board of Directors of the CID, to remit moneys it receives from the CID Sales Tax to the City. The City has covenanted under the Financing Agreement to use CID Sales Tax Revenues for payment of the Bonds. CID Sales Tax Revenues consist of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the CiD, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue. The annual amount estimated to be used for these administrative and collection functions (exclusive of collection costs of the State which are set at 1% of collections) is estimated to be approximately \$66,400.

In the Authorizing Ordinance, the City pledges the CID Sales Tax Revenues to make semiannual principal and interest payments on the Bonds. During each year, once such payments have been made, the

City intends to use the CID Sales Tax Revenues for other purposes authorized under the Cooperative Agreement.

#### Subordinate Lien on Certain TIF Revenues

The City's obligation to make Loan Payments with respect to the Bonds will be secured by a subordinate lien on certain TIF Revenues, which are subject to annual appropriation by the City. The TIF Revenues are economic activity taxes equal to 50% of the CID Sales Tax collected within four existing redevelopment areas in the City, which are commonly known as the Eastland, Hartman Heritage, Centerpoint and Trinity Redevelopment Areas, and not from any other revenues generated as a result of tax increment financing in those redevelopment areas. The City has completed amendments to the Eastland, Hartman Heritage, Centerpoint and Trinity tax increment financing plans to add the Events Center project as an eligible project cost, but to limit the funding of such costs to an amount equal to 50% of the CID Sales Tax captured as EATS, and then only on a subordinate basis as described herein during the time that other project costs and bonds issued to fund those costs remain unpaid. The City has previously pledged the revenues of the Eastland, Hartman Heritage and Centerpoint redevelopment areas to repayment of bonds issued by the Board, and may in the future request the Board to issue additional bonds payable on a parity with already outstanding Bonds. With respect to the Trinity redevelopment area, the City has previously committed TIF Revenues to payment of various project costs of the City, the developer for the Trinity project and to other taxing districts. The redevelopment agreements related to the Eastland, Hartman Heritage and Centerpoint projects also contain commitments for the payment of project costs related to these projects.

The TIF Revenues may be required to be used to pay bonds which have already been issued or may be issued in the future, or may be needed to reimburse the applicable developers, various taxing district or the City for redevelopment costs not associated with the Events Center. There is no limit on the amount of additional bonds the City may issue from such TIF Revenues. For these reasons, prospective investors should not rely upon the City's collection of TIF Revenues as a source of repayment of the Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Sales Tax Revenues to repay the Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

#### **Debt Service Reserve Fund**

Pursuant to the Indenture, the Board will establish a Debt Service Reserve Fund for the Bonds. The Debt Service Reserve Fund will be fully funded at the time of the issuance of the Bonds from the proceeds of the Bonds in an amount equal to "Debt Service Reserve Requirement." The Debt Service Reserve Requirement is an amount equal to, calculated at the date of original issuance and delivery of the Bonds, the least of (A) 10% of the original aggregate principal amount of the Bonds, (B) the maximum annual debt service on such Bonds, or (C) 125% of the average future annual debt service on the Bonds. Moneys in the Debt Service Reserve Fund shall only be available to fund a deficiency in the Debt Service Fund with respect to the Bonds and not any Additional Bonds. Amounts in the Debt Service Reserve Fund are to be used to pay principal of and interest on the Bonds to the extent of any deficiency in the Debt Service Fund and to retire the last Outstanding Bonds.

#### The Indenture

Under the Indenture, the Board will pledge and assign to the Trustee, for the benefit of the owners of the Bonds, all of its rights under the Financing Agreement, including all Loan Payments, Additional Payments and other amounts payable under the Financing Agreement (except for certain fees, expenses and advances and any indemnity payments payable to the Board) as security for the payment of the principal of and interest on the Bonds. See "SUMMARY OF THE INDENTURE" in Appendix C hereto.

#### **Additional Bonds**

The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds on a parity with the Bonds for the purposes and upon the terms and conditions provided in the related Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Board, the City; (2) the Board and the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the related Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the related Financing Agreement; and (3) the Board, the City shall have otherwise complied with the provisions of the related Financing Agreement and the related Indenture with respect to the issuance of such Additional Bonds.

The City expects that Additional Bonds will be issued as construction proceeds. See "PLAN OF FINANCING - Financing of the Events Center". The proposed Additional Bonds will be secured on a parity with the Bonds, (except with respect to the Series 2008D Account of the Debt Service Reserve Fund which shall only be pledged to secure the Bonds), and therefore will share an equal claim on the CID Sales Tax Revenues.

The sole economic test for the issuance of Additional Bonds on a parity with the Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Bonds. This means that the City may issue or cause to be issued Additional Bonds on a parity with the Bonds even if the CID Sales Tax Revenues and TIF Revenues are not sufficient to provide for the Loan Payments on such Bonds, without regard to the proposed Additional Bonds. For this reason prospective investors should not rely upon the TIF Revenues as a source of repayment of the Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Sales Tax Revenues to repay the Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

#### **BONDOWNERS' RISKS**

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

#### General

The Bonds are limited obligations of the Board payable by the Board solely from payments to be made by the City pursuant to the Financing Agreement and from certain other funds held by the Trustee under the Indenture. No representation or assurance can be given that the City will realize revenues in amounts sufficient to make such payments under the Financing Agreement.

#### **Risk Factors Relating to the City's Obligations to Make Loan Payments**

*General.* All payments by the City under the Financing Agreement are subject to annual appropriation except that CID Sales Tax Revenues which have been appropriated by the CID are not subject to annual appropriation by the City.

**Risk of Non-Appropriation.** The City's obligation to make Loan Payments under the Financing Agreement is subject to annual appropriation. Although the City has covenanted to request annually that the appropriation of the Loan Payments be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made, and the City is not legally obligated to do so.

In addition, while the City has covenanted to use the CID Sales Tax Revenues to make payments of principal and interest on the Bonds, the availability of such revenues is subject to annual appropriation by the Board of Directors of the CID.

*No Pledge, Lease or Mortgage of the Events Center or any other Facilities of the City.* Payment of the principal of and interest on the Bonds is **not** secured by any deed of trust, mortgage or other lien on the Events Center, or any other facilities or property of the City or any developer. Except as provided herein, the Bonds are payable solely from annual appropriation by the City and other money held by the Trustee.

*No Availability of Revenues from Events Center.* Revenues from the operation of the Events Center will not be available to the City for the payment of the Bonds.

#### **Risk Factors Relating to the Collection of CID Sales Tax and TIF Revenues**

As noted herein the payment by the City of Loan Payments under the Financing Agreement is secured by a pledge of CID Sales Tax Revenues and a subordinate pledge of certain TIF Revenues.

Prospective investors should evaluate factors which could cause such the CID Sales Tax Revenues and TIF Revenues to be below the City's estimates in order to determine the capacity of the City's General Fund to provide for the Loan Payments with respect to the Bonds in the event such the CID Sales Tax Revenues and TIF Revenues are not sufficient to make such payments.

To the extent that in any year the CID Sales Tax Revenues and TIF Revenues are insufficient to repay the Bonds, the City anticipates causing the CID Sales Tax to be levied at a higher rate to make up any deficiency, provided that the maximum rate at which the CID Sales Tax can be levied is 1%. See "THE CID - CID Sales Tax" herein.

There are a variety of reasons the collection of the CID Sales Tax Revenues and TIF Revenues may not be realized as expected by the City, including but not limited to the following:

**Changes in Retail Sales Market Conditions.** The estimates of the CID Sales Tax Revenues and TIF Revenues used in the City's internal projections and in the projections contained under the caption "**THE CID** - **Projected Debt Service Coverage of the CID Sales Tax Revenues**" are based on the current status of the national and local business economy and assume a future performance of the retail sales market similar to the historical performance of such market in the Independence area. However, changes in the market conditions for the City, as well as changes in general economic conditions, could adversely effect the amount of the CID Sales Tax Revenues and TIF Revenues collected.

Sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. A decline in general economic conditions could reduce the

number and value of taxable transactions and thus reduce the amount of CID Sales Tax Revenues and TIF Revenues available for repayment of the Bonds.

While certain recent economic indicators and studies suggest a decline in economic conditions may occur, it is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial activity will occur, and what impact any such changes would have on CID Sales Tax Revenues and TIF Revenues.

*Competition from Development Outside the CID.* Retail businesses outside of the CID which are currently existing or which are developed after the date of this Official Statement will be competitive with retail businesses in the CID and could have an adverse impact on the available amount of TIF Revenues and CID Sales Tax Revenues generated for repayment of the Bonds.

A primary example of this is the Crackerneck Creek project, which is not within the CID and includes a Bass Pro Outdoor World Store that is in excess of 150,000 square feet. An additional 300,000 square feet of retail and commercial development has been projected for completion in the Crackerneck Creek project. While only the Bass Pro Store is currently open for business and no leases or other binding commitments exist for tenants to occupy the remaining 300,000 square feet of space, and such space is not currently under construction, the existence and further development of the Crackerneck Creek project and other area development that is outside the CID could negatively impact sales within the CID.

**Risk of Damage or Destruction.** The partial or complete destruction of improvements within the CID, as a result of fire, natural disaster or similar casualty event, would adversely impact the collection of the CID Sales Tax and TIF Revenues.

**Changes in State and Local Tax Laws.** The City's internal estimates of CID Sales Tax and TIF Revenues assume no substantial change in the basis of levying and collecting sales taxes and TIF Revenues. Any change in the current system of collection and distribution of sales taxes or TIF Revenues in the County or the City, including without limitation judicial action concerning any such tax or voter initiative, referendum or action with respect to any such tax, could adversely affect the availability of revenues to pay the principal of and interest on the Bonds.

*Reduction in State and Local Tax Rates.* Any taxing district authorized to impose sales taxes or levy real property taxes on any real estate included within the CID could lower its tax rate, which would have the effect of reducing the amount of TIF Revenues that could be available to make payments on the Bonds.

## **Risk of Non-Appropriation of CID Sales Tax**

The application of CID Sales Tax and the receipt of such revenues by the City is subject to annual appropriation by the CID. Although the CID has covenanted to request annually that the appropriation of the proceeds of the CID Sales Tax be included in the budget submitted to the Board of Directors for each fiscal year, there can be no assurance that such appropriation will be made by the Board of Directors, and the Board of Directors is not legally obligated to do so.

#### **Risk of Non-Appropriation of TIF Revenues**

The application of TIF Revenues in the various special allocation funds for the Eastland Center, Hartman Heritage, Centerpoint and Trinity redevelopment projects is subject to annual appropriation by the City. Although the City has covenanted to request annually that the appropriation of the TIF Revenues in the various special allocation funds be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made by the City Council, and the City Council is not legally obligated to do so.

#### **Prior Pledge of TIF Revenues**

The TIF Revenues may be required to be used to pay bonds which have already been issued or may be issued in the future, or may be needed to reimburse the applicable developers, various taxing district or the City for redevelopment costs not associated with the Events Center. There is no limit on the amount of additional bonds the City may issue from such TIF Revenues. For these reasons, prospective investors should not rely upon the City's collection of TIF Revenues as a source of repayment of the Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Sales Tax Revenues to repay the Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

#### Status of Design and Construction of Events Center

Information under the caption "THE EVENTS CENTER PROJECT" related to such things as the Events Center facility, related infrastructure, the construction schedule and overall budget for completion are preliminary estimates based on information received by the City from Global. The City has not yet formally retained an architect or construction contractor for the project.

As the City completes design and construction of the Events Center, the final facility, the schedule for completion and the cost thereof will likely differ from the information set forth herein, and such differences could be material.

If costs for completion of the Events Center increase because of construction delays, design or construction difficulties or other reasons, the amount of bonds that the City will request that MDFB issues for the project will likely increase over the amounts described under the captions "THE CID - Projected Debt Service Coverage of the CID Sales Tax Revenues" and "PLAN OF FINANCING – Financing of the Events Center." Such bonds would be Additional Bonds that would have a lien on the CID Sales Tax Revenues and the TIF Revenues equal to the lien of the Bonds. See "Proposed Additional Bonds" below.

#### **Proposed Additional Bonds**

The sole economic test for the issuance of Additional Bonds on a parity with the Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Bonds. This means that the City may issue or cause to be issued Additional Bonds on a parity with such Bonds even if the CID Sales Tax Revenues and TIF Revenues are not sufficient to provide for the Loan Payments relating to such Bonds, without regard to the proposed Additional Bonds. The City expects to cause Additional Bonds to be issued as described above under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Additional Bonds."

#### **Projected Interest Rates**

The City anticipates issuing two series of Additional Bonds subsequent to the Bonds in order to finance costs of completing the Events Center. The Additional Bonds will be issued as funds are needed for design, construction and equipping of the Events Center. The City is pursuing this financing plan to reduce interest costs. If interest rates increase beyond current projections prior to the time when such Additional Bonds are issued, debt service costs associated with the Additional Bonds will also increase and will result in lower debt service coverage from amounts available to the City from the CID Sales Tax. Debt service on the Bonds and Additional Bonds has been calculated based on an assumed True Interest Cost (TIC) of 5.436%. See "THE CID - Projected Debt Service Coverage of the CID Sales Tax Revenues."

#### Loss of Premium Upon Early Redemption

Purchasers of the those maturities of the Bonds sold at a price in excess of their principal amount should consider the fact that the Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See "THE BONDS – Redemption."

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

The U.S. Supreme Court agreed on May 21, 2007, to review a Kentucky decision in which the Kentucky state court held that a Kentucky statute that exempts interest on municipal bonds from state income taxes only if the bonds are issued in Kentucky is unconstitutional under the U.S. Constitution. The state court concluded that the exemption for Kentucky bonds violated the Commerce Clause in the U.S. Constitution, as the state statute did not extend to interest paid on bonds issued in other states.

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

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

#### No Additional Interest or Mandatory Redemption upon Missouri Taxability

The Indenture does not provide for the payment of any additional interest or penalty on the Bonds if the interest thereon becomes includable in gross income for Missouri income tax purposes.

#### **Determination of Taxability**

The interest rates on the Bonds are not subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond is or was includible in the gross income of the owner of a Bond for federal income tax purposes. Such determination may, however, result in a breach of the Board's tax covenants set forth in the Indenture which may constitute an event of default under such Indenture. It may be that Bondowners would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.

#### **Enforcement of Remedies**

The enforcement of the remedies the Indenture and the Financing Agreement may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the 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.

#### Amendment of Indenture

Certain amendments to the Indenture and the Financing Agreement may be made without the consent of or notice to the registered owners of the Bonds. Such amendments may adversely affect the security for the Bonds.

#### **LITIGATION**

#### The Board

There is not now pending or, to the knowledge of the Board, threatened any litigation against the Board seeking to restrain or enjoin the issuance or delivery of the Bonds, or questioning or affecting the validity of the Bonds or the proceedings of the Board under which they are to be issued, or which in any manner questions the right of the Board to enter into the Indenture or the Financing Agreement or to secure the Bonds in the manner provided in the Indenture or the Act.

## The City

There is not now pending or, to the knowledge of the City, threatened any litigation against the City seeking to restrain or enjoin the issuance or delivery of the Bonds by the Board, or questioning or affecting the validity of the Bonds or the proceedings of the Board under which they are to be issued, or which in any manner questions the right of the Board's right to enter into the Indenture or the Financing Agreement or to secure the Bonds in the manner provided in the Indenture, the Act or the City's right to enter into the Financing Agreement. See "TAX INCREMENT FINANCING IN MISSOURI - TIF Act Legal Challenge" for a description of certain litigation that could impact the Bonds.

#### **LEGAL MATTERS**

Certain legal matters incident to the authorization and issuance of the Bonds by the Board are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the Board by its counsel, Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed upon for the CID by its counsel, Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters relating to the Official Statement will be passed upon for the City the CID and the Underwriter by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed upon for the City by its counsel, Allen Garner, City Counselor.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed

therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

#### **TAX MATTERS**

#### **Opinion of Bond Counsel**

*Federal Income Tax Exemption.* In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law, 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. 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 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 Board and the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board and the City have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Original Issue Discount. In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Bond purchased in the original offering at a price less than the principal amount thereof, to the extent properly allocable to each owner of such Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Bond over its initial offering price to the public (excluding underwriters and intermediaries) at which price a substantial amount of the Bonds were sold. 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 during any accrual period generally equals (i) the issue price of such Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such 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 (iii) any interest payable on such Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Bond. Owners of any Bonds purchased at an original issue discount should consult with their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning such Bonds.

**Original Issue Premium.** An amount equal to the excess of the purchase price of a Bond over its stated principal amount at maturity constitutes premium on such Bond. An owner of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the Bond's yield to maturity. As premium is amortized, the owner's basis in such Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such owner. This 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 such Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Owners of any Bonds purchased at a premium, whether at the time of initial issuance or subsequent thereto, should consult their individual tax advisors with respect to the determination and

treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

Missouri Income Tax Exemption. The interest on the Bonds is exempt from income taxation by the State of Missouri.

*No Other Opinions.* Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

#### **Other 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.

#### RATING

Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., has given the Bonds the rating shown on the cover page of this Official Statement. Such rating reflects only the view of Standard & Poor's, and any further explanation of the significance of such rating may be obtained only from the rating agency. The rating does not constitute a recommendation by the rating agency to buy, sell or hold any bonds, including the Bonds. There is no assurance that any rating when assigned to the Bonds will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of the rating when assigned to the Bonds may have an adverse affect on the market price of the Bonds.

#### FINANCIAL STATEMENTS

Audited financial statements of the City for the fiscal year ended June 30, 2007 excerpted from the City's Comprehensive Annual Financial Report and an unaudited Financial and Operating Report for the period ended January 31, 2008 are included in **Appendix B** to this Official Statement. These financial statements for the fiscal year ended June 30, 2007 have been audited by Cochran, Head & Co., P.C., independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto. The unaudited Financial and Operating report has been prepared by the City.

#### **CONTINUING DISCLOSURE**

The City will execute a Continuing Disclosure Agreement with respect to ongoing disclosure which will constitute the written understanding for the benefit of the owners of the Bonds required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. A summary of the Continuing Disclosure Agreement is included in Appendix C.

#### UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds pursuant to a bond purchase agreement entered into by and among the Board, the City and the Underwriter. The bond purchase agreement provides that the Underwriter will purchase the Bonds at a purchase price of \$\_\_\_\_\_\_ (which represents an underwriter's discount of \$\_\_\_\_\_\_ and a net reoffering premium of \$\_\_\_\_\_\_). In addition, the bond purchase agreement provides, among other things, that the Underwriter will purchase all of the Bonds, if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The City has agreed in the bond purchase agreement to indemnify the Underwriter against certain liabilities. The obligations of the Underwriter to accept delivery of the Bonds are subject to various conditions contained in the bond purchase agreement.

#### MISCELLANEOUS

The references herein to the Act, the Indenture, the Financing Agreement and the Continuing Disclosure Agreement are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Act, the Indenture, the Financing Agreement and the Continuing Disclosure Agreement. Copies of such documents are on file at the offices of the Underwriter and following delivery of the Bonds will be on file at the office of the Trustee.

The agreement of the Board with the owners of the Bonds is fully set forth in the Indenture, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. Statements made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The Cover Page hereof and the Appendices hereto are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The execution and delivery of this Official Statement has been duly authorized by the City, and its use has been approved by the Board.

#### **CITY OF INDEPENDENCE, MISSOURI**

By: \_\_\_\_\_

City Manager

## APPENDIX A

# INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI

# APPENDIX A

## INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI

## TABLE OF CONTENTS

Page A-

| THE CITY                                      | 1 |
|---|---|
| General Information                           | 1 |
| Employee Retirement System                    | 1 |
| Insurance                                     |   |
| Payment Record                                |   |
| ECONOMIC INFORMATION CONCERNING THE CITY      |   |
| Commerce and Industry                         |   |
| General and Demographic Information           |   |
| Income Statistics                             |   |
| Housing Structures                            |   |
| Building Construction                         |   |
| FINANCIAL INFORMATION CONCERNING THE CITY     |   |
| Accounting, Budgeting and Auditing Procedures |   |
| Tax Revenues                                  |   |
| Property Valuations                           |   |
| Obligations of the City                       | 8 |
| Capital Leases 1                              | 5 |
| Overlapping or Underlying Indebtedness Debt 1 | 5 |

#### THE CITY

#### **General Information**

Incorporated in 1849, the City is the county seat of Jackson County and adjoins Kansas City, Missouri to the west. The City is the fourth largest City in Missouri.

The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the voters in October 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms.

The present Mayor and members of the Council, their occupations and terms are listed below:

| <b>Councilmembers</b> | <b>Occupation</b> | <b>District</b> | Expiration of Term |
|-----------------------|-------------------|-----------------|--------------------|
| Don B. Reimal, Mayor  | Retired           | n/a             | 2010               |
| Marcie Gragg          | Church leader     | District 1      | 2008               |
| Will Swoffer          | Retired           | District 2      | 2008               |
| Renee Paluka          | Commodity buyer   | District 3      | 2008               |
| Jim Page              | Retired           | District 4      | 2008               |
| Jim Schultz           | Insurance agent   | At-Large        | 2010               |
| Lucy Young            | Secretary         | At-Large        | 2010               |

The City Council appoints a City Manager who is the chief executive and administrative officer of the City. Robert Heacock is the City Manager. The Director of Finance, who is appointed by the City Manager, acts as the chief financial officer of the City. This position is currently held by James C. Harlow, appointed in February 1984. The City Manager appoints the City Counselor who acts as the chief legal advisor to the City. Allen Garner has served as City Counselor since May 2003.

Historically, the character of the City has been viewed as predominantly residential. In recent years industrial and commercial expansion in the City has accompanied the growth in population. The City has several industrial sites which have been set aside to assure orderly development in light of anticipated increases in industrial activity.

#### **Employee Retirement System**

The City participates in the Missouri Local Government Employees Retirement System (LAGERS) which is a statewide multi-employer retirement system and covers all City employees. The City makes all required contributions to this plan. The total pension expense for the years ended June 30, 2006 and 2007 was \$5,432,144 and \$5,763,388, respectively.

#### Insurance

The City self-insures for workers' compensation claims up to \$1,000,000 per accident and purchases excess worker's compensation insurance coverage from ACE American Insurance Company for claims exceeding the \$1,000,000 retention limit per accident.

The City purchases all-risk property insurance from Hartford Steam Boiler Insurance Company, Associated Electric and Gas Insurance Services and Zurich American Insurance Company that provides coverage for all real and personal property owned by the City. The replacement cost property insurance policy has a blanket loss limit of \$200 million. Risks covered include property damage, flood, debris removal, ordinance/laws coverage, property in transit, earthquake, extra expense, pollution clean-up, and expediting repairs. The all-risk property insurance coverage is subject to a \$50,000 per occurrence deductible, except for a \$1,000,000 per occurrence deductible at the Blue Valley and Missouri City Power Stations and all other power-generating facilities.

The City purchases replacement cost boiler and machinery insurance coverage from Hartford Steam Boiler, Liberty International Insurance Company, and Zurich American that provides for \$75 million in coverage per occurrence. Boiler and machinery insurance provides coverage for sudden breakdown of insured equipment and it also provides coverage for expediting expenses, ammonia contamination, water damage and hazardous material clean-up. The boiler and machinery insurance coverage is subject to a \$50,000 per occurrence deductible, a \$2,000,000 per occurrence deductible for electrical injury and various deductibles for power generating facilities.

The City purchases general liability, public officials' liability, and third party automobile liability insurance coverage from the Missouri Public Entity Risk Management Fund (MOPERM). The MOPERM policies provide coverage in the amount equal to the Missouri statutory sovereign immunity waiver (which is adjusted in each year based on a published index), subject to a \$25,000 general liability deductible, a \$25,000 public officials deductible and a \$100,000 deductible for third party automobile liability. The City self-insures its fleet of vehicles for collision and comprehensive coverages, other than Fire Department apparatus for which separate insurance is purchased with a deductible of \$3,000.

The City purchases excess liability insurance coverage from Clarendon American Insurance Company. This policy provides an additional \$5 million in liability insurance above the insurance coverage provided by MOPERM for claims that are not subject to the State's Sovereign Immunity Statute.

#### **Payment Record**

The City has never defaulted on any financial obligations.

## ECONOMIC INFORMATION CONCERNING THE CITY

.

#### **Commerce and Industry**

Some major employers in Independence, Missouri, include:

|                                      |                             | Number of        |
|--------------------------------------|-----------------------------|------------------|
| <u>Employer</u>                      | Product/Service             | <b>Employees</b> |
| Alliant Tech Systems                 | Small Arms Ammunition       | 2,250            |
| Independence School District         | Education                   | 1,800            |
| City of Independence                 | Government                  | 1,176            |
| Independence Reg. Health Center      | Medical Care                | 1,035            |
| Medical Center of Independence       | Medical Care                | 565              |
| Government Employee Hospital (GEHA)  | Medical Ins. Service Center | 550              |
| Rosewood Health Center at the Groves | Retirement Community        | 400              |
| Burd & Fletcher                      | Paper carton manufacturing  | 350              |
| Unilever (Thomas J. Lipton)          | Food manufacturing          | 330              |
| Jackson County Circuit Court         | Government                  | 274              |
|                                      |                             |                  |

Source: City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

## **General and Demographic Information**

The following tables set forth certain population information.

|                      | <u>1980</u> | <u>1990</u> | <u>2000</u> | <u>2007*</u> |
|----------------------|-------------|-------------|-------------|--------------|
| City of Independence | 111,797     | 112,301     | 113,867     | 116,359      |
| Jackson County       | 629,266     | 633,232     | 654,880     | 664,655      |
| State of Missouri    | 4,916,776   | 5,1 16,901  | 5,595,211   | 5,870,906    |

\*Estimated

Source: City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

## **Population Distribution by Age**

|              | City of<br>Independence | Jackson<br><u>County</u> | State of<br>Missouri |
|--------------|-------------------------|--------------------------|----------------------|
| Under 0-4    | 6.7%                    | 7.47%                    | 6.41%                |
| 5-9 years    | 6.45                    | 6.82                     | 6.28                 |
| 10-14 years  | 6.20                    | 6.68                     | 6.57                 |
| 15-20 years  | 7.34                    | 7.98                     | 8.73                 |
| 21-24 years  | 4.66                    | 4.94                     | 5.63                 |
| 25-34 years  | 12.56                   | 13.32                    | 13.06                |
| 35-44 years  | 13.80                   | 14.70                    | 13.93                |
| 45-54 years  | 14.80                   | 14.84                    | 14.70                |
| 55-59 years  | 6.42                    | 6.06                     | 6.12                 |
| 60-64 years  | 5.41                    | 4.73                     | 4.95                 |
| 65-74 years  | 7.77                    | 6.36                     | 7.04                 |
| 75-84 years  | 5.52                    | 4.33                     | 4.69                 |
| 85 and older | 2.10                    | 1.77                     | 1.89                 |
| Median Age   | 39.22                   | 36.90                    | 37.39                |
| Average Age  | 39.29                   | 37.31                    | 38.11                |

Source: City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

The following table sets forth unemployment figures for the last five years for the Kansas City MSA, Jackson County and the State of Missouri. These data are considered provisional and may be subject to change.

|                        | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007*</u> |
|------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <u>Kansas City MSA</u> |             |             |             |             |             |              |
| Total Labor Force      | 1,004,687   | 1,014,420   | 1,022,639   | 1,028,952   | 1,037,609   | 1,046,378    |
| Unemployed             | 55,044      | 60,872      | 62,260      | 971,136     | 52,360      | 52,609       |
| Unemployment Rate      | 5.5%        | 6.0%        | 6.1%        | 5.6%        | 5.0%        | 5.0%         |
| Jackson County         |             |             |             |             |             |              |
| Total Labor Force      | 346,530     | 343,334     | 342,197     | 339,990     | 341,598     | 344,211      |
| Unemployed             | 20,271      | 21,989      | 23,385      | 21,235      | 19,248      | 19,106       |
| Unemployment Rate      | 5.8%        | 6.4%        | 6.8%        | 6.2%        | 5.6%        | 5.5%         |
| State of Missouri      |             |             |             |             |             |              |
| Total Labor Force      | 2,985,932   | 2,986,047   | 2,993,978   | 3,008,146   | 3,032,434   | 3,058,815    |
| Unemployed             | 155,947     | 166,112     | 172,176     | 160,388     | 146,577     | 152,268      |
| Unemployment Rate      | 5.2%        | 5.6%        | 5.8%        | 5.3%        | 4.8%        | 5.0%         |

\*Average from January through September, 2007 Source: MERIC

## **Income Statistics**

The following table sets forth income figures from the 2000 census and an estimate for 2007.

|                      | <u>Per Capita</u> |             | <u>Median l</u> | Household |
|----------------------|-------------------|-------------|-----------------|-----------|
|                      | <u>2000</u>       | <u>2007</u> | 2000            | 2007      |
| City of Independence | \$19,384          | \$22,784    | \$45,876        | \$43,747  |
| Jackson County       | 20,788            | 24,500      | 48,435          | 45,842    |
| State of Missouri    | 19,936            | 23,707      | 37,934          | 45,077    |

Source: U.S. Census Bureau and Claritas, Inc. and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

## **Housing Structures**

The following table sets forth statistics regarding housing structures by type in the City for 2007.

|                 | Number of    | Percentage  |
|-----------------|--------------|-------------|
| Housing type    | <u>Units</u> | of Units    |
| Single Detached | 35,669       | 70.84%      |
| Single Attached | 1,764        | 3.50        |
| Double          | 2,208        | 4.39        |
| 3 to 19 Unites  | 6,604        | 13.12       |
| 20 to 49 Units  | 1,019        | 2.02        |
| 50 + Units      | 1,553        | 3.08        |
| Mobile Home     | 1,506        | 2.99        |
| All Other       | 27           | <u>0.05</u> |
| Total Units     | 50,350       | 100.00%     |

Source: Claritas, Inc. and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

.

The median value of owner occupied housing units in the area of the City and related areas was, according to the 2000 census and an estimate for 2006 by Claritas, Inc., as follows:

|                   | Media    | an Value    |
|-------------------|----------|-------------|
|                   | 2000     | <u>2006</u> |
| City              | \$77,000 | \$103,786   |
| Jackson County    | 85,000   | 120,603     |
| State of Missouri | 89,900   | 125,481     |

Source: U.S. Census Bureau and Claritas, Inc. and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

#### **Building Construction**

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City over a five-year period. These numbers reflect permits issued either for new construction or for major renovation.

|                   | <u>2002</u>  | <u>2003</u>  | <u>2004</u>  | 2005         | 2006         |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| Residential       |              |              |              |              |              |
| Number of Permits | 744          | 657          | 737          | 567          | 434          |
| Estimated Cost    | \$51,015,505 | \$47,280,932 | \$66,838,976 | \$40,861,800 | \$27,365,631 |
| Non-Residential   |              |              |              |              |              |
| Number of Permits | 204          | 186          | 188          | 150          | 180          |
| Estimated Cost    | \$78,904,822 | \$50,594,507 | \$32,069,290 | \$52,568,560 | \$74,867,315 |

Source: City's Community Development Department City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

#### FINANCIAL INFORMATION CONCERNING THE CITY

#### Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with generally accepted accounting principles. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. The City has implemented the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*.

An annual budget is prepared under the direction of the City Manager and submitted to the City Council for consideration prior to the fiscal year commencing on July 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Manager is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending June 30, 2007 was performed by Cochran, Head & Co., P.C., Kansas City, Missouri. Copies of the audit reports for the past 5 years are on file in the City Manager's Office and are available for review.

#### **Tax Revenues**

The following table shows General Governmental Tax Revenues by Source received by the City including General, Special Revenue and TIF funds for the last ten years.

|             |              | Real<br>Estate | Railroad<br>Utilities | Cigarette  | Transient<br>Guest |                  | Franchise   | In Lieu of   |
|-------------|--------------|----------------|-----------------------|------------|--------------------|------------------|-------------|--------------|
| <u>Year</u> | <u>Total</u> | <u>Tax</u>     | <u>Tax</u>            | <u>Tax</u> | <u>Tax</u>         | <u>Sales Tax</u> | <u>Tax</u>  | <u>Taxes</u> |
| 1996        | \$31,417,798 | \$4,974,581    | \$56,733              | \$513,102  | \$ 366,246         | \$12,497,734     | \$5,525,140 | \$ 7,484,262 |
| 1997        | 33,392,131   | 6,063,867      | 60,981                | 472,758    | 396,654            | 12,609,492       | 6,246,845   | 7,541,534    |
| 1998        | 36,672,503   | 6,388,695      | 55,405                | 600,206    | 419,719            | 15,500,936       | 5,711,768   | 7,995,774    |
| 1999        | 40,251,255   | 6,747,561      | 39,291                | 579,968    | 424,286            | 18,479,114       | 5,662,192   | 8,318,843    |
| 2000        | 46,629,545   | 7,157,444      | 38,824                | 634,169    | 432,564            | 24,240,691       | 5,695,790   | 8,430,063    |
| 2001        | 53,226,616   | 7,639,179      | 39,169                | 595,259    | 443,670            | 27,997,519       | 7,004,453   | 9,507,367    |
| 2002        | 54,521,441   | 7,251,844      | 45,912                | 594,665    | 471,450            | 30,800,658       | 6,545,093   | 8,811,819    |
| 2003        | 56,496,560   | 8,155,079      | 45,144                | 583,785    | 680,605            | 30,926,980       | 6,718,262   | 9,386,705    |
| 2004        | 58,836,592   | 8,876,875      | 38,401                | 622,835    | 859,643            | 31,484,590       | 7,241,436   | 9,712,812    |
| 2005*       | 57,539,568   | 6,523,970      | 40,720                | 604,872    | 887,450            | 31,802,883       | 7,500,356   | 10,179,317   |
| 2006*       | 64,920,638   | 6,865,462      | 29,861                | 596,603    | 1,000,809          | 36,157,440       | 7,645,602   | 12,624,861   |
| 2007*       | 65,969,879   | 6,952,380      | 39,502                | 567,039    | 1,020,663          | 36,141,098       | 8,209,734   | 13,039,463   |

\* Change in presentation from years prior to the 2005 fiscal year. Does not include component unit/Tax Increment Financing as in prior years.

#### **Property Valuations**

#### Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

| Residential real property            | 19% |
|--------------------------------------|-----|
| Agricultural and horticultural       |     |
| real property                        | 12% |
| Utility, industrial, commercial,     |     |
| railroad and all other real property | 32% |

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

#### Current Assessed Valuation:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the assessment of January 1, 2007 (the last completed assessment):

|                        | Assessed<br><u>Valuation*</u> | Assessment<br><u>Rate</u> | Actual<br><u>Valuation</u> |
|------------------------|-------------------------------|---------------------------|----------------------------|
| Real Estate:           |                               |                           |                            |
| Residential            | \$826,183,410                 | 19%                       | \$4,348,333,737            |
| Commercial             | 289,266,376                   | 32%                       | 903,957,425                |
| Agricultural           | <u>1,077,386</u>              | 12%                       | <u>8,978,217</u>           |
| Real Estate Sub-Total  | \$1,116,527,172               |                           | \$5,261,269,379            |
| Railroad and Utilities | 5,828,914                     | 32%                       | 18,215,356                 |
| Personal Property      | <u>278,254,929</u>            | 33.3%                     | 835,600,387                |
| Total                  | \$1,400,611,015               |                           | \$6,115,085,122            |

\* Assumes all personal property is assessed at 33-1/3%; because certain subclasses of tangible personal property are assessed at less than 33-1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

#### History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

|             | Assessed         | Percent       |
|-------------|------------------|---------------|
| <u>Year</u> | <u>Valuation</u> | <u>Change</u> |
| 2007        | \$1,400,611,015  | 6.1%          |
| 2006        | 1,319,902,510    | 2.0           |
| 2005        | 1,294,345,907    | 8.1           |
| 2004        | 1,197,742,533    | 2.3           |
| 2003        | 1,170,802,608    | 8.6           |
| 2002        | 1,078,098,132    | 3.4           |
| 2001        | 1,042,786,467    | 5.7           |
| 2000        | 986,146,535      | 8.0           |

Source: Jackson and Clay Counties Assessor's Office and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

#### Major Property Taxpayers:

The following table sets forth the ten largest real property taxpayers in the City based upon assessed valuation as of January 1, 2006.

|                                |                   | Local Assessed   | Percentage of Total Local |
|--------------------------------|-------------------|------------------|---------------------------|
| Name of Taxpayer               | Туре              | <b>Valuation</b> | Assessed Valuation        |
| Simon Property Group LP        | Retail Center     | \$19,238,350     | 1.51%                     |
| DDR MDT Independence Commons   | Retail Center     | 9,611,830        | 0.75                      |
| Geospace                       | Warehouse         | 8,846,690        | 0.69                      |
| Sprint Spectrum                | Communications    | 5,607,925        | 0.44                      |
| Bradley Operating LTC PTP      | Retail Center     | 5,499,410        | 0.43                      |
| Burd & Fletcher                | Paper Cartons     | 5,157,954        | 0.41                      |
| Noland Fashion Square Partners | Retail Center     | 5,103,999        | 0.40                      |
| Unilever Bestfoods NA          | Food Manufacturer | 4,751,475        | 0.37                      |
| Southern Union Company         | Utility           | 4,257,589        | 0.33                      |
| Mansion Apartments LLC         | Apartment Rental  | 3,321,200        | <u>0.26</u>               |
| Total                          |                   | \$71,396,422     | 5.59%                     |

Source: Jackson County Collection Department and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

#### **Obligations of the City**

#### General Obligation Debt

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "City purposes" not to exceed 10% of the assessed value of taxable tangible property. The State Constitution also permits a city, by vote of two-thirds of the voting electorate under a special election or four-sevenths under a general election, to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property. The additional indebtedness is allowed for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric or other light and plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property.

The City had no General Obligation debt outstanding as of April 1, 2007. However, as of that date the City did have the following Neighborhood Improvement District bonds outstanding:

(i) \$99,000 of its Neighborhood Improvement District Bonds (Fall Drive Sanitary Sewer Project) Series 2004B, issued in the original principal amount of \$111,000, and

(ii) \$825,000 of its Neighborhood Improvement District Bonds (Noland Road and Englewood Projects) Series 2004, issued in the original principal amount of \$995,000.

Neighborhood Improvement District bonds are payable from special assessments on certain real property within the district. If not so paid, such bonds are then payable from any reserve fund established for the bonds and then, pursuant to a full faith and credit pledge of the City, from any available funds. However, the City is not authorized nor obligated to levy taxes for the repayment of such bonds. Such bonds do count against the constitutional general obligation bond limitations described above.

*Revenue Debt.* The following is a summary of the City's Revenue Bond debt:

|  | Balance Payable |
|--|-----------------|
| Power and Light Fund:  |                 |
| 23,520,000 Electric Utility Refunding Revenue Bonds, Series 1998, due in annual installments of $700,000$ to $2,040,000$ through June 1, 2014, interest at 4.00% to 4.8% ( $12,490,000$ ), less Deferred Loss on Refunding of $1,560,444$ (as of $03/01/2008$ )  | \$10,929,556    |
| \$5,975,000 Electric Utility Refunding Revenue Bonds, Series 2003, due in annual installments of \$435,000 to \$660,000 through June 1, 2014, interest at 2.0% to 3.65% (\$4,035,000). less Deferred Loss on Refunding \$853,377 (as of 03/01/2008)  | \$3,180,623     |
| Water Fund:  |                 |
| \$36,000,000 Water Utility Revenue Bonds, Series 1986, principal due in annual installments of \$850,000 to \$5,010,000 through November 1, 2016, interest at approximately 3.25% to 5% (as of 03/01/2008)   | \$25,085,000    |
| \$14,785,000 Missouri Development Finance Board ("MDFB" or the "Board")<br>Infrastructure Facilities Revenue Bonds, Series 2004, principal due in annual<br>installments of \$100,000 to \$1,105,000 through November 1, 2024, interest at<br>approximately 1.80% to 5.00% (as of 03/01/2008)  | \$13,265,000    |
| Bonds Secured by the City's Annual Appropriation Powers  |                 |
| On June 16, 1999, at the request of the City, MDFB issued \$7,240,000 Infrastructure Facilities Revenue Bonds, Series 1999A, due in annual installments of \$270,000 to \$835,000 through June 1, 2011 and bearing interest rate at 4.00% to 5.25%. The proceeds of the bonds were loaned by MDFB to the City and are to be used for reimbursement of redevelopment costs related to the Bolger Square project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City, which loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such tax revenues, from the City's general fund, subject to annual appropriation. (as of 03/01/2008) | \$2,420,000     |
| On June 28, 2000, at the request of the City, MDFB issued \$530,000 Infrastructure Facilities Revenue Bonds, Series 2000A, due in annual installments of \$40,000 to \$65,000 through June 1, 2010 and bearing interest at rates ranging from 5.00% to 6.25%. The proceeds of the bonds were loaned by MDFB to the City and are to be used to pay for various capital improvement projects in buildings owned by the City. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)   | \$190,000       |

#### **Balance Payable**

On August 22, 2001, at the request of the City, MDFB issued \$1,635,000 \$610,000 Infrastructure Facilities Revenue Bonds, Series 2001, due in annual installments of \$160,000 to \$215,000 through June 1, 2010 and bearing interest at rates ranging from 4.20% to 4.40%. The proceeds of the bonds were loaned by MDFB to the City and used to pay for various capital improvement to City buildings and to provide the City with additional capitalized interest in the amount of \$500,000 which was used to pay a portion of the City's loan payment to the Board in connection with the Hartman Heritage Center redevelopment project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008) On September 25, 2003, at the request of the City, MDFB issued \$8,715,000 \$8,205,000 Infrastructure Facilities Revenue Bonds, Series 2003, due in annual installments of \$135,000 to \$455,000 through April 1, 2021 and bearing interest at rates ranging from 2.00% to 5.00%. The proceeds of the bonds were loaned by MDFB to the City and are to be used for reimbursement of redevelopment costs related to Hartman Heritage Phase II project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City, which loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such tax revenues, from the City's general fund, subject to annual appropriation. (as of 03/01/2008) On May 26, 2004, at the request of the City, MDFB issued \$1,245,000 Infrastructure \$530,000 Facilities Revenue Bonds, Series 2004, due in annual installments of \$230,000 to \$270,000 through June 1, 2009 and bearing interest at the rates ranging from 2.25% to 4.25% The proceeds of the bonds were loaned by MDFB to the City to refund a prior series of bonds issued by MDFB in 2001 to pay for various capital improvement to the Truman Memorial Building. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by

On December 1, 2004, at the request of the City, MDFB issued \$6,175,000 Infrastructure Facilities Revenue Bonds, Series 2004, due in annual installments of \$300,000 to \$450,000 through April 1, 2013 and bearing interest at the rates ranging from 3.00% to 5.00% The proceeds of the bonds were loaned by MDFB to the City to construct a new aquatics center. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

On March 9, 2005, at the request of the City, MDFB issued \$8,225,000 Infrastructure Facilities Revenue Bonds, Series 2005A, due in annual installments of \$670,000 to \$1,010,000 through April 1, 2015 and bearing interest at the rates ranging from 4.00% to 5.25% The proceeds of the bonds were loaned by MDFB to the City to construct public safety projects. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by

#### **Balance** Payable

\$925,000

an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

On March 9, 2005, at the request of the City, MDFB issued \$1,030,000 Infrastructure Facilities Revenue Bonds, Series 2005B, due in annual installments of \$50,000 to \$90,000 through April 1, 2020 and bearing interest at the rates ranging from 3.00% to 4.50% The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to the Drumm Farm project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On March 9, 2005, at the request of the City, MDFB issued \$11,325,000 Infrastructure Facilities Revenue Bonds, Series 2005C, due in annual installments of \$185,000 to \$1,270,000 through April 1, 2026 and bearing interest at the rates ranging from 4.00% to 5.25% The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to Crackerneck Creek project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 26, 2005, at the request of the City, MDFB issued \$4,970,000 Infrastructure Facilities Revenue Bonds, Series 2005, due in annual installments of \$595,000 to \$665,000 through April 1, 2009 and bearing interest at the rates ranging from 3.25% to 4.0% The proceeds of the bonds were loaned by MDFB to the City to be used for various street projects. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

On March 30, 2006, at the request of the City, MDFB issued \$34,340,000 \$34, Infrastructure Facilities Revenue Bonds, Series 2006A, due in annual installments of \$340,000 to \$3,775,000 through April 1, 2024 and bearing interest at rates ranging from 5.30% to 6.00%. The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to Crackerneck Creek project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of lease payments to be made by Bass Pro Shops Outdoor World and by a subordinate pledge of certain tax increment revenues, and if not paid from such payments and revenues, from the City's general fund, subject to annual appropriation. (as of 03/01/2008).

On March 30, 2006, at the request of the City, MDFB issued \$14,030,000 Infrastructure Facilities Revenue Bonds, Series 2006B, due in annual installments of \$1,340,000 to \$8,225,000 through April 1, 2026 and bearing interest at the rate of 5.79%. The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to Crackerneck Creek project. These

\$11,325,000

\$1,950,000

\$34,340,000

bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of lease payments to be made by Bass Pro Shops Outdoor World and by a subordinate pledge of certain tax increment revenues, and if not paid from such payments and revenues, from the City's general fund, subject to annual appropriation. (as of 03/01/2008).

On March 30, 2006, at the request of the City, MDFB issued \$12,790,000 Infrastructure Facilities Revenue Bonds, Series 2006C, due in annual installments of \$3,500,000 to \$5,385,000 through April 1, 2028 and bearing interest at the rate of 5.00%. The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to Crackerneck Creek project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues and a subordinate lien on lease payments to be made by Bass Pro Shops Outdoor World, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 17, 2006, at the request of the City, MDFB issued \$1,590,000 Infrastructure Facilities Revenue Bonds, Series 2006, due in annual installments of \$70,000 to \$170,000 through April 1, 2020 and bearing interest at the rates ranging from 4.00% to 4.625% The proceeds of the bonds were loaned by MDFB to the City to be used to reimburse the City for a portion of the cost of the public improvements for the Drumm Farm development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On December 12, 2006, at the request of the City, MDFB issued \$5,485,000 Infrastructure Facilities Revenue Bonds, Series 2006D, due in annual installments of \$1,010,000 to \$1,190,000 through April 1, 2013 and bearing interest at the rate of 4.25% The proceeds of the bonds were loaned by MDFB to the City to be used to pay the costs of the Parks Facilities Project, consisting of construction of the Independence Athletic Complex and Community Park. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

#### **Balance** Payable

On December 12, 2006, at the request of the City, MDFB issued \$2,770,000 Infrastructure Facilities Revenue Bonds, Series 2006E, due on April 1, 2009 and bears interest at the rate of 4.25% The proceeds of the bonds were loaned by MDFB to the City to be used to pay the costs of street improvements. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

On December 12, 2006, at the request of the City, MDFB issued \$4,980,000 Infrastructure Facilities Revenue Bonds, Series 2006F, due in annual installments of \$120,000 to \$445,000 through April 1, 2028 and bearing interest at the rates ranging from 4.00% to 4.25% The proceeds of the bonds were loaned by MDFB to the City to be used to fund the Public Safety Facility, the Building Rehabilitation Fund and the Public Road Improvements and to fund Developer Reimbursable Project Costs. These bonds are payable solely from, and secured by tax increment revenues, a portion of Payment in Lieu of Taxes, are not subject to annual appropriation. (as of 03/01/2008)

On May 30, 2007, at the request of the City, MDFB issued \$19,390,000 Infrastructure Facilities Revenue Bonds, Series 2007A, due in annual installments of \$860,000 to \$2,570,000 through April 1, 2022 and bearing interest at rates ranging from 4.00% to 5.00% The proceeds of the bonds were loaned by MDFB to the City to be used for the refinancing of costs of the Eastland development through the refunding of four prior series of bonds of MDFB, the proceeds of which were loaned to the City to pay such development costs. As with the bonds that were refunded, these bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 30, 2007, at the request of the City, MDFB issued \$10,330,000 Infrastructure Facilities Revenue Bonds, Series 2007B, due in annual installments of \$555,000 to \$1 ,060,000 through April 1, 2020 and bearing interest at the rates ranging from 4.00% to 5.00% The proceeds of the bonds were loaned by MDFB to the City to be used for the refinancing of costs of the Hartman Heritage development through the refunding of a prior series of bonds of MDFB, the proceeds of which were loaned to the City to pay such development costs. As with the bonds that were refunded, these bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 30, 2007, at the request of the City, MDFB issued \$10,060,000 Taxable \$10,060,000 Infrastructure Facilities Revenue Bonds, Series 2007C, due in annual installments of \$385,000 to \$1,795,000 through April 1, 2023 and bearing interest at rates ranging from 5.410% to 6.096% The proceeds of the bonds were loaned by MDFB to the City to be used for the refinancing of costs of the Santa Fe development through the refunding of a prior series of bonds of MDFB, the proceeds of which were

loaned to the City to pay such development costs. As with the bonds that were refunded, these bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 30, 2007, at the request of the City, MDFB issued \$995,000 Infrastructure \$995,000 Facilities Revenue Bonds, Series 2007D, due in annual installments of \$70,000 to \$80,000 through April 1, 2020 and bearing interest at the rates ranging from 4.00% to 4.500% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Drumm Farm development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On June 28, 2007, at the request of the City, MDFB issued \$19,720,000 Infrastructure Facilities Revenue Bonds, Series 2007E, due in annual installments of \$425,000 to \$2,670,000 through April 1, 2027 and bearing interest at the rates ranging from 4.75% to 5.125% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Centerpoint development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On February 19, 2008, at the request of the City, MDFB issued \$5,035,000 Taxable Infrastructure Facilities Revenue Bonds, Series 2008A, due in annual installments of \$280,000 to \$925,000 through March 1, 2017 and bearing interest at the rates ranging from 4.30% to 5.70% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Crackerneck Creek development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On February 19, 2008, at the request of the City, MDFB issued \$7,920,000 Infrastructure Facilities Revenue Bonds, Series 2008B, due in annual installments of \$615,000 to \$1,635,000 through March 1, 2025 and bearing interest at the rates ranging from 4.00% to 5.00% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Crackerneck Creek development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

#### **Balance Payable**

\$8,000,000

On February 19, 2008, at the request of the City, MDFB issued \$,000,000Infrastructure Facilities Revenue Bonds, Series 2008C, due in annual installments of \$370,000 to \$2,515,000 through April 1, 2022 and bearing interest at the rates ranging from 4.00% to 5.125% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Eastland Center development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

#### Future Obligations

The City anticipates the issuance of additional bonds to finance costs related to the Drumm Farm project in the amounts described in the body of this Official Statement.

The City anticipates the issuance of additional bonds to fund costs related to the Crackerneck Creek Redevelopment Project. This Project includes the development and construction of a proposed 450,000 square foot commercial retail center. The Crackerneck Creek project will include an approximately 150,000 square foot Bass Pro Shops Outdoor World retail store, and is expected to include a minimum of 300,000 square feet of additional retail space and a hotel. Under a lease with the City, Bass Pro will be required to operate its retail store for a twenty (20) year period and will make lease payments to the City equal to approximately 2% of gross sales. MDFB has passed a resolution expressing its intent to issue one or more series of bonds to finance the City's costs associated with this development. The bonds are expected to be issued in an approximate principal amount of \$98,000,000. Proceeds of the bonds will fund reimbursable redevelopment project costs that are currently estimated to be approximately \$73,600,000, plus all financing costs, capitalized interest, credit enhancement costs, if any, and adequate reserves. The City expects that these bonds will be payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments will be secured by a pledge of the Bass Pro lease payments, certain tax increment revenues (local and state sales taxes and property taxes), and if not paid from such lease payments and tax revenues, from the City's general fund, subject to annual appropriation. Of the projected \$98,000,000 in bonds anticipated to be issued by MDFB, \$85,440,000 have been issued to date. While the Bass Pro store is open, no other retail space has been leased or is under construction.

Related to the Eastland Center Project, a tax increment project involving mixed retail and commercial development, the City anticipates the future issuance of additional bonds to fund approximately \$9,700,000 in project costs and City costs, plus reserves and costs of issuance. The City does not anticipate the issuance of these bonds until the year 2010. Bonds related to the Eastland Center Project are secured by tax increment revenues from the approximately 212 acre area which has been designated a redevelopment area under the TIF Act and, if not paid from such revenues, from the City's general fund, subject to annual appropriation.

Shortly after the issuance of the Bonds, the Board expects to issue approximately \$1,190,000 in bonds for the Drumm Farm Project. The Drumm Farm Project is another tax increment financing project for which bonds have been issued. The project is the development of 143 residential lots and a public golf course. The City is currently considering amending the Drumm Farm Tax Increment Financing Plan to add approximately \$3,500,000 in project costs and could issue bonds in the future to fund these costs. Bonds related to the Drumm Farm Project are secured by tax increment revenues from the Drumm Farm redevelopment area designated by the City under the TIF Act and, if not paid from such revenues, from the City's general fund, subject to annual appropriation.

In addition to bonds expected to be issued for the Crackerneck Creek Project, the Eastland Center Project, the Drumm Farm Project and the MPEC Project, the City expects to issue additional bonds secured by the City's annual appropriation authority.

#### **Capital Leases**

| Capital leases payable at June 30, 2007 consist of the following:   |                |
|---|----------------|
| Emergency One, Inc., interest at 6.31%, annual installments through<br>October 2007. A lease to purchase an Emergency One Model V803<br>Commercial Pumper Fire Apparatus. | \$ 21,549      |
| IBM Corporation, interest at 2.64% to 6.1% monthly installments through July 2007. A lease to purchase computer equipment.  | 2,474          |
| Sun Trust Leasing, interest at 4.19%, annual installments through July 2013; a lease to purchase a fire truck   | 555,685        |
| IBM Corporation, interest at 4.057% monthly installments through April 2010. A lease to purchase an I Series 520 System along with other computer equipment.              | <u>132,776</u> |
| TOTAL   | \$712,484      |

#### **Overlapping or Underlying Indebtedness Debt**

The following table sets forth overlapping and underlying general obligation and lease indebtedness of political subdivisions with boundaries overlapping the City as of June 30, 2005, and the percent attributable (on the basis of assessed valuation figures) to the City. The table was compiled from information furnished by the jurisdictions responsible for the debt, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

| Jurisdiction                     | Gener<br>Obligat<br>Bond Iss<br><u>Outstand</u> | ion<br>Sues | Percentage<br>Applicable to<br>City of<br><u>Independence</u> | Amount<br>Applicable to<br>City of<br><u>Independence</u> |        |
|----------------------------------|---|-------------|---|---|--------|
| City of Independence             | \$  | 0           | -   | \$  | 0      |
| Jackson County                   |   | 0           | -   |   | 0      |
| Jackson County School Districts: |   |             |   |   |        |
| Metropolitan Junior College      |   | 0           | -   |   | 0      |
| Independence                     | 71,57   | 3,358       | 100.0%  | 71,5  | 73,358 |
| Kansas City                      |   | 0           | -   |   | 0      |
| Raytown                          | 65,67   | 5,000       | 6.0   | 3,9   | 40,500 |
| Blue Springs #4                  | 110,89  | 4,988       | 20.0  | 22,1  | 78,998 |
| Fort Osage #1                    | 23,27   | 9,674       | 12.5  | 2,9   | 09,959 |
| TOTAL                            | \$271,42  | 3,020       |   | \$100,6   | 02,815 |

\* Does not include amounts available in certain debt service funds

## **APPENDIX B**

## ACCOUNTANTS' REPORT AND AUDITED FINANCIAL STATEMENTS OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2007; UNAUDITED FINANCIAL AND OPERATING REPORT FOR PERIOD ENDED JANUARY 1, 2008

# COCHRAN HEAD VICK & CO., P.C.

**Certified Public Accountants** 

10034 NW Ambassador Dr. Kansas City, MO 64153 (816) 584-9955 Fax (816) 584-9958

> The Honorable Mayor and Members of the City Council City of Independence, Missouri

**Independent Auditors' Report** 

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of the City of Independence, Missouri, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flow, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

#### **Other Offices**

3717 North Oak Trafficway Kansas City, MO 64116 (816) 453-7014 (818) 453-7018 FAX

1333 Meedowlark Lane Kansas City, KS 66102 (913) 287-4433 (913) 287-0010 FAX

6700 Antioch Rd, Suite 460 Merriam, Kansas 66204 (913) 378-1100 (913) 378-1177 FAX

317 W. Young Warrensburg, MO 64093 (660) 747-9125 (660)747-9490 FAX The Management's Discussion and Analysis, budgetary comparison information and schedules of funding progress, which appear as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City. The introductory section, combining and individual fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, schedules and budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the basic financial statements and, accordingly, we express no opinion on them.

October 25, 2007

Corlin Hard Vick to R

This section of the City of Independence's comprehensive annual financial report presents our review of the City's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

## **Financial Highlights**

The City's total net assets increased over \$44.0 million. \$32.8 million or 74.6% was from the City's 'governmental-type activities' and the balance were from 'business-type activities'.

Sales tax revenue decreased by \$26,054. The lack of growth in revenue from sales tax can mostly be attributed to two factors. The first and probably the most significant is the slow economy that has generally been felt throughout the country. The second is the retail competition that is developing within the trade area of the City. Wal-Mart has recently opened super centers in Blue Springs to our east and Kansas City at our southwest border.

The State authorized legislation that is intended to settle the dispute between cell phone providers and local jurisdictions concerning franchise fees was implemented on July 1, 2006. It was subsequently over-turned by the Missouri Supreme Court in August. The City's Code allowed for this possibility and the business license fee reverted to the pre-July 1<sup>st</sup> rate of 9.08%. Currently cities are working with individual providers to reach settlements and avoid continued litigation.

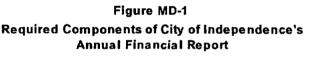
Site work continues on the tax increment financing project for a retail development of almost

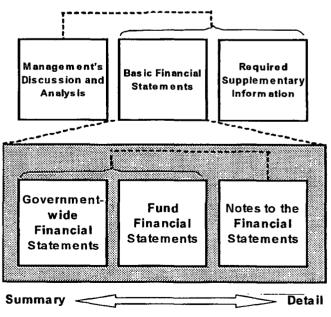
700,000 square feet that includes a Bass Pro Shops Outdoor World store and theme hotel. This store is scheduled to open by late January 2008.

Centerpoint hospital and an associated medical office building opened during the year. This is the new \$250,000,000 state of the art medical center that consolidated the two medical facilities in the City.

The City has entered into a memorandum of understanding with Global Enterprises to develop and operate a multi-purpose events center in the southeast part of the City. The events center's primary tenant will be a Central Hockey League team. This project will require establishing a community improvement district and a sales tax in the district.

The City in cooperation with the Kansas City Area Transportation Authority opened a transit center at the corner of Noland and Truman Roads.





## **Overview Of The Financial Statements**

This annual report consists of four parts, management's discussion and analysis, the basic financial statements, required supplementary information, and a supplemental section that presents combining statements for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both longterm and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements:
  - The governmental funds statements tell how general government services, like public safety, were financed in the short-term, as well as, what remains for future spending.
  - Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like a business, such as the electric, water and sanitary sewer systems.
  - Fiduciary fund statements provide information about financial relationships for which the City acts solely as a trustee or agent for the benefit of others, to whom the underlying resources belong, such as the Seniors Travel Fund, and Flexible Benefit Plan Fund.

The financial statements also include notes that provide additional explanatory information to the financial statements. The statements are followed by a section of required supplementary information, which explains and supports the information in the financial statements. Figure MD-1 shows how the required parts of this annual report are arranged and relate to one another.

|   |  | ······  | Fund Statements  |  |
|---|--|---|--|--|
|   | Government-wide<br>Statements  | Governmental Funds  | Proprietary Funds  | Fiduciary Funds  |
| Scope                                     | Entire City government<br>(except liduclary lunds)   | The activities of the City<br>that are not proprietary or<br>fiduciary, such as police,<br>fire, and parks  | Activities the City<br>operates similar to private<br>businesses: electric,<br>water, and sanitary sewer | instances in which the<br>City is the trustee or<br>agent for someone<br>else's resources  |
| Required financial<br>Slatements          | * Statement of net assets  | • Balance Sheet   | * Statement of net assets  | <ul> <li>Statement of fiduciary<br/>net assets</li> </ul>  |
|   | * Statement of activities  | * Slatement of revenues,<br>expenditures, and<br>changes in fund balances   | * Statement of revenues,<br>expenses, and changes in<br>net assets<br>* Statement of cash flows          | * Statement of changes<br>in fiduciary net assets  |
| Accounting basis and<br>measurement focus | Accrual accounting and<br>economic resources focus.  | Modified accrual<br>accounting and current<br>financial resources focus   | Accruat accounting and<br>aconomic resources focus   | Accrual accounting and<br>economic resources<br>focus  |
| Type of asset/llability<br>Information    | All assets and liabilities,<br>both financial and capital,<br>and short-term and long-<br>term | Only assets expected to<br>be used up and liabilities<br>that come due during the<br>year or soon thereafter,<br>no capital assets<br>included  | All assols and llabilities,<br>both financial and capital,<br>and short-term and long-<br>term           | All assets and liabilities<br>both short-term and long<br>term; the City's funds do<br>not currently contain<br>capital assets, although<br>they can |
| Type of Inflow/outflow<br>information     | All revenues and expenses<br>during year, regardless of<br>when cash is received or<br>paid    | Revenues for which cash<br>is received during or soon<br>after the end of the year,<br>expenditures when goods<br>or services have been<br>received and payment is<br>due during the year or<br>soon thereafter | All revenues and<br>expenses during year,<br>regardless of when cash<br>is received or paid              | All revenues and<br>expenses during year,<br>regardless of when cash<br>is received or paid  |

In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Figure MD-2 summarizes the components of the City's financial statements, including the portion of the City government, which each covers and the types of information each contain. The remainder of this section explains the structure and content of each of the statements.

## **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. The term "Net assets" refers to the difference between the City's assets and liabilities and is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To further assess the overall health of the City additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads, should be considered.

The government-wide financial statements of the City can be divided into two categories:

- Governmental activities Most of the City's basic services are included here, such as the
  police, fire, public works, and parks departments, as well as, general administration.
  Property taxes, sales taxes, and state and federal grants finance most of these activities.
- Business-type activities The City charges fees to customers to help it cover the costs of certain services it provides. The City's electric, water, and sanitary sewer systems are included here.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by the City's Charter, State Statutes, and bond covenants.

The Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three kinds of funds:

- Governmental funds Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds Business operations for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
  - The City's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
  - We use internal service funds to report activities that provide supplies and services for the City's other programs and activities. The City has three internal service funds. These are the self-funded health insurance fund, central garage fund, and the pharmacy benefit fund.
- Fiduciary funds Periodically, the City may be responsible for other assets that have been given to the City under the terms of a trust agreement initiated by an outside third party. Generally these funds are limited in use for the benefit of the designated trust beneficiary. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Currently, the City is the trustee, or fiduciary, for the following funds: Vaile Mansion/Anderson Trust Fund, Susie Paxton Block Trust Fund, Seniors Travel Fund, and the Flexible Benefit Plan Fund. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### **Net Assets**

The following Table (MD-1) reflects the condensed Statement of Net Assets:

|   | Governmental   |             | Busine      | ss-type     |             |             |
|---|----------------|-------------|-------------|-------------|-------------|-------------|
|   | Activi         | ties        | Activ       | /ities      | Το          | tal         |
|   | 2007           | 2006        | 2007        | <u>2006</u> | 2007        | 2006        |
| Current and other assets                                    | \$ 47,556,469  | 44,030,055  | 82,448,428  | 88,078,459  | 130,004,897 | 132,108,514 |
| Capital assets  | 220,757,782    | 184,284,767 | 321,772,908 | 304,223,793 | 542,530,690 | 488,508,560 |
| Total assets  | 268,314,251    | 228,314,822 | 404,221,336 | 392,302,252 | 672,535,587 | 620,617,074 |
| Long-term obligations                                       | 38,753,026     | 32,805,845  | 63,215,539  | 65,519,111  | 101,968,565 | 98,324,956  |
| Other liabilities   | 9,277,673      | 8,060,558   | 12,933,600  | 9,899,819   | 22,211,273  | 17,960,377  |
| Total liabilities   | 48,030,699     | 40,866,403  | 76,149,139  | 75,418,930  | 124,179,838 | 116,285,333 |
| Net assets<br>Invested in capital<br>assets, net of related |                |             |             |             |             |             |
| debt  | 195,251,671    | 165,333,646 | 267,330,916 | 246,080,008 | 462,582,587 | 411,413,654 |
| Restricted  | 28,164,683     | 25,262,407  | 731,101     | 731,652     | 28,895,784  | 25,994,059  |
| Unrestricted  | (3,132,802)    | (3,147,634) | 60,010,180  | 70,071,662  | 56,877,378  | 66,924,028  |
| Total net assets  | \$ 220,283,552 | 187,448,419 | 328,072,197 | 316,883,322 | 548,355,749 | 504,331,741 |

#### Table MD-1 City of Independence's Net Assets

(Amounts for 2006 have been restated.)

The City's combined net assets increased 8.7% to \$548.4 million from \$504.3 million. Net assets of the City's governmental activities increased 17.5% to \$220.3 million. Governmental assets increased \$40 million and liabilities increased \$7.2 million. Governmental long-term obligations increased \$5.9 million. The increase in long term obligations in the governmental activities is due to debt issued for Parks and Streets projects.

Total unrestricted net assets were \$56.9 million with the business-type activities being \$60 million. The City's unrestricted net assets (deficit) for governmental activities were (\$3.1) million.

Unrestricted net assets for business activities were \$60 million and decreased \$10.1 million from the previous year. Net assets invested in capital assets, net of related debt were \$267.3 million and increased \$21.3 million from the previous year.

## **Changes In Net Assets**

The following Table (MD-2) reflects the revenues and expenses from the City's activities:

|   | City of Independence's Net Assets |               |                  |               |               |               |  |  |
|---|-----------------------------------|---------------|------------------|---------------|---------------|---------------|--|--|
|   | Governmental<br>Activities        |               | Busines<br>Activ |               | Total         |               |  |  |
|   | 2007                              | 2006          | 2007             | 2006          | 2007          | 2006          |  |  |
| Revenues  |                                   |               |                  |               |               |               |  |  |
| Program revenues  |                                   |               |                  |               |               |               |  |  |
| Charges for services  | \$ 15,098,737                     | 14,719,971    | 135,936,348      | 130,955,239   | 151,035,085   | 145,675,210   |  |  |
| Operating grants and  |                                   |               |                  |               |               |               |  |  |
| contributions   | 9,957,178                         | 9,199,332     | -                |               | 9,957,178     | 9,199,332     |  |  |
| Capital grants and  |                                   |               |                  |               |               |               |  |  |
| contributions   | 23,963,312                        | 27,299,227    | 5,562,049        | 2,964,925     | 29,525,361    | 30,264,152    |  |  |
| General revenues  |                                   |               |                  |               |               |               |  |  |
| Property taxes  | 6,952,380                         | 6,895,323     | -                | -             | 6,952,380     | 6,895,323     |  |  |
| Sales taxes   | 37,728,799                        | 37,754,853    | -                | -             | 37,728,799    | 37,754,853    |  |  |
| Other taxes   | 8,244,536                         | 7,667,782     | -                | -             | 8,244,536     | 7,667,782     |  |  |
| Interest  | 1,785,111                         | 1,385,126     | 2,532,853        | 2,449,623     | 4,317,964     | 3,834,749     |  |  |
| Other   | 589,469                           | 714,149       | 47,953_          | 436,132       | 637,422       | 1,150,281     |  |  |
| Total revenues  | 104,319,522                       | 105,635,763   | 144,079,203      | 136,805,919   | 248,398,725   | 242,441,682   |  |  |
| Expenses  |                                   |               |                  |               |               |               |  |  |
| Administrative services   | 7,749,779                         | 7,363,102     | -                | -             | 7,749,779     | 7,363,102     |  |  |
| Public works  | 13,231,006                        | 12,817,343    | -                | -             | 13,231,006    | 12,817,343    |  |  |
| Public safety   | 38,253,819                        | 36,796,996    | -                | -             | 38,253,819    | 36,796,996    |  |  |
| Culture & recreation  | 6,965,260                         | 5,161,139     | -                | -             | 6,965,260     | 5,161,139     |  |  |
| Community development   | 4,096,835                         | 3,809,726     | •                | -             | 4,096,835     | 3,809,726     |  |  |
| Health & welfare  | 2,898,542                         | 2,638,369     | -                | •             | 2,898,542     | 2,638,369     |  |  |
| Electric  | -                                 | -             | 89,265,988       | 84,564,657    | 89,265,988    | 84,564,657    |  |  |
| Water   | -                                 | -             | 17,723,114       | 17,097,507    | 17,723,114    | 17,097,507    |  |  |
| Sanitary sewer  | -                                 | -             | 12,721,171       | 12,236,654    | 12,721,171    | 12,236,654    |  |  |
| Storm water   | 2,193,290                         | 1,641,992     | -                | -             | 2,193,290     | 1,641,992     |  |  |
| General government  | 8,225,760                         | 6,678,208     | -                | -             | 8,225,760     | 6,678,208     |  |  |
| Interest  | 1,050,153                         | 991,856       | -                | -             | 1,050,153     | 991,856       |  |  |
| Total expenses  | 84,664,444                        | 77,898,731    | 119,710,273      | 113,898,818   | 204,374,717   | 191,797,549   |  |  |
| Excess (deficiency) of<br>revenues or expenses<br>before special item and |                                   |               |                  | _             |               |               |  |  |
| transfers   | 19,655,078                        | 27,737,032    | 24,368,930       | 22,907,101    | 44,024,008    | 50,644,133    |  |  |
| Transfers - In (Out)  | 13,180,055                        | 13,167,930    | (13,180,055)     | (13,167,930)  |               |               |  |  |
| Increase in net assets  | 32,835,133                        | 40,904,962    | 11,188,875       | 9,739,171     | 44,024,008    | 50,644,133    |  |  |
| Net assets, beginning of year   | 187,448,419                       | 146,543,457   | 316,883,322      | 307,144,151   | 504,331,741   | 453,687,608   |  |  |
| Net assets, end of year   | \$220,283,552                     | \$187,448,419 | \$328,072,197    | \$316,883,322 | \$548,355,749 | \$504,331,741 |  |  |

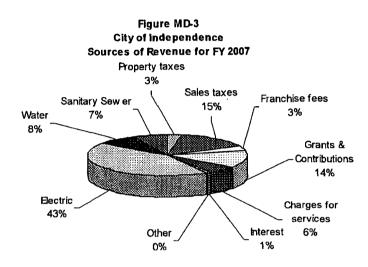
Table MD-2 City of Independence's Net Assets

Total revenues increased 2.5% or \$6.0 million and Governmental revenues decreased 1.2% or \$1.3 million. This increase can be attributed mostly to the increase in charges for services. Of significance is the slow growth of taxes, particularly the decrease in sales tax. This is a reflection of the general economy and retail competition.

Total expenses increased 6.6% or \$12.6 million and Governmental expenses increased 8.7% or \$6.8 million. This increase can be attributed to costs associated with electric production and capital projects. The change in the business-type activities is attributable to normal operations; some of the changes are related to the effect of weather on electric and water sales.

## Revenues

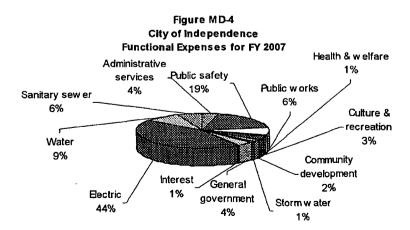
For the fiscal year ending June 30, 2007 revenues totaled \$248.4 million. Of this amount charges for services (governmental and business type) was \$151.0 million or 60.8% of the total. Revenue from business-type activities represents \$144.1 million or 58.0% of the total City revenues (Figure MD-3).



Revenues from governmental activities were \$104.3 million. Sales taxes, the largest governmental category, were \$37.7 million or 36.2%. All taxes represent \$52.9 million or 50.7% of governmental revenue. Operating and capital grants were \$33.9 million or 32.5% of governmental revenues. Charges for services at \$15.1 million were 14.5% of the total.

## Expenses

For the fiscal year ending June 30, 2007 expenses totaled \$204.4 million. Of this amount the electric utility was \$89.3 million or 43.7% of the total. Business-type expenses represent \$119.7 million or 58.6% of the total City expenses (Figure MD-4).



Expenses from governmental activities were \$84.7 million. Public safety expenses, the largest governmental category, were \$38.3 million or 45.2% of the total. Public Works is the next largest category at \$13.2 million, which is 15.6% of the total.

## **Governmental Activities**

# Table MD-3 Net Cost of City of Independence's Governmental Activities

|                            | Total C<br>of Serv |            | Net C<br>of Servi |             |
|----------------------------|--------------------|------------|-------------------|-------------|
|                            | 2007               | 2006       | 2007              | 2006        |
| Administrative services    | \$ 7,749,779       | 7,363,102  | 2,009,351         | 1,780,742   |
| Public works               | 13,231,006         | 12,817,343 | 1,196,009         | (5,749,084) |
| Public safety              | 38,253,819         | 36,796,996 | 29,942,094        | 23,918,073  |
| Culture & Recreation       | 6,965,260          | 5,161,139  | 5,296,377         | 3,862,454   |
| Community development      | 4,096,835          | 3,809,726  | (264,779)         | 121,030     |
| Health & Welfare           | 2,898,542          | 2,638,369  | 1,615,782         | 1,638,417   |
| Storm water                | 2,193,290          | 1,641,992  | 35,897            | 1,420,121   |
| General government and     |                    |            |                   |             |
| interest on long-term debt | 9,275,913          | 7,670,064  | (682,553)         | 569,698     |
| Total                      | \$ 84,664,444      | 77,898,731 | 39,148,178        | 27,561,451  |

As noted in Table MD-3 expenses from governmental activities for fiscal year 2007 were \$84.7 million. However, the net costs of these services were \$39.1 million. The difference represents direct revenues received from charges for services of \$15.1 million, operating grants and contributions of \$10.0 million, and capital grants and contributions of \$20.5 million. Taxes and other revenues of \$58.8 million were collected to cover these net costs.

## **Business-type Activities**

Revenues of the City's business-type activities increased \$7.3 million or 5.3% and expenses increased \$5.8 million or 5.1%. This change is primarily the result of increased customer consumption caused by growth and weather conditions. Fluctuations in weather for both the electric and water utilities impact both the revenues and expenses of these utilities.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$33.5 million. The fund balance of the General Fund decreased \$1,050,347 during fiscal year 2007. The unreserved, undesignated portion of the General Fund's fund balance decreased \$1,269,738. Fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

While position vacancies continued to be managed with the intent of controlling termination and recruitment costs, overtime cost exceeded budgeted amounts for police and snow removal.

Sales tax revenue continued to reflect the direction with the economy and be affected by retail development in other communities within our primary trade area.

Mild weather during both the summer and winter periods' impacted natural gas, electric, and water franchise taxes and payments in-lieu of taxes.

The fund balance of the Street Improvements Fund was a deficit of \$301,883. The increase in the deficit is due to increased capital project expenditures. The Fund has a receivable from other governments in the amount of \$2.8 million. Operating capital, for projects that have matching agreements from other governmental units, is primarily provided by other City funds.

## **General Fund Budgetary Highlights**

Resources available for appropriation increased \$133 thousand from the original estimate. Actual revenues at the end of the year were less than projected by \$1.3 million. The largest negative variance was in the area of Taxes, accounting for \$1.5 million of the revenue decrease. The largest positive variance was in the area of Charges for Services, accounting for \$383.7 thousand of the revenue increase.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were increased \$2.0million in the General Fund. These budget amendments generally fall into the following categories:

- Re-appropriation of \$1.3 million that is designated by Council action.
- Approval of new grants or the extension of current grants that was not previously included in the approved budget. These adjustments generally also include offsetting revenues.
- Transfer of previously approved salary and benefit appropriations to operating departments where expenditures occur when the actual distribution of the expenditure could not be anticipated at the time that the appropriation was originally approved.
- Increase or decrease appropriations for unanticipated events, including overtime costs, which may arise throughout the fiscal year.

Actual expenditures, including encumbrances, were \$1.9 million less that the amount appropriated, representing operating savings of 2.9%. This was largely the result of an intentional underspending of the budget by means of delaying capital expenditures and the filling of vacant positions to offset projected declining revenues and fund balance reserves.

## CAPITAL ASSET AND DEBT ADMINISTRATION

## **Capital Assets**

At the end of fiscal year 2007, the City had invested \$542.5 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets increased \$54.0 million or 11.1% during the period.

|                       |    |             |             | Table MD-4      |               |             |             |            |  |  |
|-----------------------|----|-------------|-------------|-----------------|---------------|-------------|-------------|------------|--|--|
|                       |    |             | City of I   | ndependence's C | apital Assets |             |             |            |  |  |
| (net of depreciation) |    |             |             |                 |               |             |             |            |  |  |
|                       |    |             |             |                 |               |             |             | Total      |  |  |
|                       |    | Governn     | nental      | Busines         | s-type        |             |             | Percentage |  |  |
|                       |    | Activi      | ties        | Activ           | ities         | Tot         | Change      |            |  |  |
|                       |    | <u>2007</u> | 2006        | <u>2007</u>     | 2006          | 2007        | <u>2006</u> | 2006-2007  |  |  |
| Land & land imp       | \$ | 19,150,530  | 18,893,941  | 5,443,122       | 5,443,122     | 24,593,652  | 24,337,063  | 1.1%       |  |  |
| Buildings &           |    |             |             |                 |               |             |             |            |  |  |
| Improvements          |    | 43,834,902  | 28,409,276  | -               | -             | 43,834,902  | 28,409,276  | 54.3%      |  |  |
| Office furniture &    |    |             |             |                 |               |             |             |            |  |  |
| equipment             |    | 55,172      | 21,735      | -               | -             | 55,172      | 21,735      | 153.8%     |  |  |
| Computer equipment    |    | 778,185     | 413,194     | -               | -             | 778,185     | 413,194     | 88.3%      |  |  |
| Mobile equipment      |    | 7,989,271   | 7,085,351   | -               | -             | 7,989,271   | 7,085,351   | 12.8%      |  |  |
| Other equipment       |    | 2,008,444   | 1,312,394   | 26,014          | 26,014        | 2,034,458   | 1,338,408   | 52.0%      |  |  |
| Infrastructure        |    | 88,382,589  | 74,894,400  | 286,666,231     | 274,750,652   | 375,048,820 | 349,645,052 | 7.3%       |  |  |
| Construction in       |    |             |             |                 |               |             |             |            |  |  |
| progress              |    | 58,558,689  | 53,254,476  | 29,637,541      | 24,004,005    | 88,196,230  | 77,258,481  | 14.2%      |  |  |
| Total                 | \$ | 220,757,782 | 184,284,767 | 321,772,908     | 304,223,793   | 542,530,690 | 488,508,560 | 11.1%      |  |  |

,

The budget for fiscal year 2008 projects the City will spend an additional \$25 million for capital projects.

Additional information regarding capital assets can be found in the 'Notes to Financial Statements', section (6), of this report.

## **Debt Administration**

| City of Independence's Outstanding Debt |                            |            |                 |                   |            |                               |            |           |
|---|----------------------------|------------|-----------------|-------------------|------------|-------------------------------|------------|-----------|
|   | Governmental<br>Activities |            | Busine<br>Activ | ss-type<br>//ties | Tot        | Total<br>Percentage<br>Change |            |           |
|   |                            | 2007       | 2006            | 2007              | 2006       | 2007                          | 2006       | 2006-2007 |
| Loans Payable<br>Capital lease          | \$                         | 23,870,529 | 18,590,023      | 55,548,038        | 59,361,323 | 79,418,567                    | 77,951,346 | 1.88%     |
| obligations<br>Neighborhood             |                            | 712,483    | 737,370         | -                 | -          | 712,483                       | 737,370    | -3.38%    |
| Improvemt District                      |                            | 923,099    | 982,044         | •                 | -          | 923,099                       | 982,044    | -6.00%    |
| Total                                   | \$                         | 25,506,111 | 20,309,437      | 55,548,038        | 59,361,323 | 81,054,149                    | 79,670,760 | 1.74%     |

#### Table MD-5 City of Independence's Outstanding Debt

The City at the end of fiscal year 2007 had a total of \$81.0 million of outstanding obligations. This was an increase of \$1.4 million or 1.7% from the previous fiscal year. None of these amounts relate to general obligations of the City and \$55.5 million or 68.5% are obligations of the business-type activities.

Additional information regarding debt can be found in the 'Notes to Financial Statements', section (7), of this report.

## **Economic Factors**

In the last five years the City, as a community, lost 515 jobs, with current total employment at 56,855 jobs. Unemployment by mid-2007 was 5.0%, and while this is lower than Jackson County at 5.4% and it is greater than the State at 4.9%. As with most of the rest of the country the City's unemployment rate has remained steady during the last two years. Median income for 2007 is estimated to be \$43,747, compared to \$45,077 for the State as a whole.

## **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customer, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to James C. Harlow, Director of Finance & Administration, City of Independence, P.O. Box 1019, Independence, MO 64051.

## Statement of Net Assets

June 30, 2007

|   |            | Primary Government                      |                             |                                       | Component Unit             |  |
|---|------------|---|-----------------------------|---------------------------------------|----------------------------|--|
|   |            | Governmental<br>Activities              | Business-Type<br>Activities | Total                                 | Tax Increment<br>Financing |  |
| Assets:   |            |   |                             |                                       |                            |  |
| Current assets:   |            |   |                             |                                       |                            |  |
| Pooled cash and investments   | \$         | 30,445,356                              | 39,899,427                  | 70,344,783                            | 3,935,087                  |  |
| Receivables:  |            |   |                             |                                       |                            |  |
| Taxes   |            | 5,708,718                               |                             | 5,708,718                             | 171,368                    |  |
| Accounts  |            | 234,825                                 | 10,370,581                  | 10,605,406                            | 30                         |  |
| Unbilled revenue  |            | 2 119 044                               | 10,497,417                  | 10,497,417                            |                            |  |
| Special assessment principal and accrued interest<br>Accrued interest |            | 2,118,066                               | 68,196<br>720,584           | 2,186,262                             |                            |  |
| Other   |            | 235,912                                 | 720,584<br>124,108          | 956,496<br>124,108                    | _                          |  |
| Internal balances   |            | (1,223,267)                             | 1,223,267                   | 124,108                               |                            |  |
| Due from component unit   |            | 1,321,488                               | 1,225,207                   | 1,321,488                             | _                          |  |
| Due from other governments  |            | 4,598,244                               | 328,295                     | 4,926,539                             | 319,443                    |  |
| Inventory   |            | 90,526                                  | 13,432,480                  | 13,523,006                            | 517,445                    |  |
| Prepaid items   |            | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | 4,702                       | 4,702                                 |                            |  |
| Restricted cash and investments                                       |            | 311,673                                 | 1,619,201                   | 1,930,874                             | _                          |  |
| Total current assets  |            | 43,841,541                              | 78,288,258                  | 122,129,799                           | 4,425,928                  |  |
| Noncurrent assets:  | •          |   |                             |                                       |                            |  |
| Capital assets:   |            |   |                             |                                       |                            |  |
| Nondepreciable  |            | 77,520,712                              | 35,080,663                  | 112,601,375                           | _                          |  |
| Depreciable, net  |            | 143,237,070                             | 286,692,245                 | 429,929,315                           | _                          |  |
| Deferred debt issue costs   |            | 276,861                                 | 1,106,046                   | 1,382,907                             | 1,293,825                  |  |
| Other deferred charges  |            | <u> </u>                                | 2,323,023                   | 2,323,023                             | · · · _                    |  |
| Restricted cash and investments                                       |            | 3,438,067                               | 731,101                     | 4,169,168                             | 71,892,933                 |  |
| Total noncurrent assets   |            | 224,472,710                             | 325,933,078                 | 550,405,788                           | 73,186,758                 |  |
| Total assets  | \$         | 268,314,251                             | 404,221,336                 | 672,535,587                           | 77,612,686                 |  |
| Liabilities and Net Assets  |            |   |                             |                                       |                            |  |
| Current liabilities:<br>Accounts and contracts payable                | æ          | 4.000.0/7                               | 0.000.004                   | 14 005 041                            |                            |  |
| Accrued items   | \$         | 4,922,267                               | 9,902,974                   | 14,825,241                            | 1.055.257                  |  |
| Other current liabilities   |            | 2,070,055                               | 626,608                     | 2,696,663                             | 1,955,357                  |  |
| Due to primary government   |            | 616,620                                 | 129,821                     | 746,441                               | 1 221 499                  |  |
| Unearned revenue  |            | 237,048                                 |                             | 237,048                               | 1,321,488                  |  |
| Current portion of long-term obligations                              |            | 8,403,640                               | 6,600,822                   | 15,004,462                            | 3,358,375                  |  |
| Medical self-insurance claims   |            | 1,215,829                               | 0,000,022                   | 1,215,829                             | 5,550,575                  |  |
| Liabilities payable from restricted assets                            |            | 215,854                                 | 1,794,336                   | 2,010,190                             |                            |  |
| Total current liabilities   | -          | 17,681,313                              | 19,054,561                  | 36,735,874                            | 6,635,220                  |  |
| Noncurrent liabilities:   | -          |   |                             | · · · · · · · · · · · · · · · · · · · |                            |  |
| Noncurrent portion of long-term obligations                           |            | 30,349,386                              | 56,614,717                  | 86,964,103                            | 162 545 713                |  |
| Advances for construction   |            | 50,547,580                              | 479,861                     | 479,861                               | 163,545,712                |  |
|   | -          |   |                             |                                       |                            |  |
| Total noncurrent liabilities  | -          | 30,349,386                              | 57,094,578                  | 87,443,964                            | 163,545,712                |  |
| Total liabilities   | , <b>-</b> | 48,030,699                              | 76,149,139                  | 124,179,838                           | 170,180,932                |  |
| Net assets:   |            |   |                             |                                       |                            |  |
| Invested in capital assets, net of related debt<br>Restricted for:    |            | 195,251,671                             | 267,330,916                 | 462,582,587                           | <u> </u>                   |  |
| Capital projects  |            | 144,191                                 |                             | 144,191                               |                            |  |
| Special revenue   |            | 26,622,675                              |                             | 26,622,675                            |                            |  |
| Debt service  |            | 1,388,147                               | 731,101                     | 2,119,248                             |                            |  |
| Permanently restricted  |            | 9,670                                   |                             | 9,670                                 |                            |  |
| Unrestricted (deficit)  |            | (3,132,802)                             | 60,010,180                  | 56,877,378                            | (92,568,246)               |  |
| Total net assets (deficit)  | -          | 220,283,552                             |                             |                                       |                            |  |
|   |            |   | 328,072,197                 | 548,355,749                           | (92,568,246)               |  |
| Total liabilities and net assets (deficit)                            | \$_        | 268,314,251                             | 404,221,336                 | <u>672,535,587</u>                    | 77,612,686                 |  |

### Statement of Activities

### Year ended June 30, 2007

| Functions/Programs                            | _  | Expenses    |     | Charges for<br>Services    | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Net (Expense)<br>Revenue |
|---|----|-------------|-----|----------------------------|--|--|--------------------------|
| Primary government:                           |    |             |     |                            |  |  |                          |
| Governmental activities:                      |    |             |     |                            |  |  |                          |
| Administrative services                       | \$ | 7,749,779   |     | 5,696,158                  | 44,270                                   |  | (2,009,351)              |
| Public safety                                 |    | 38,253,819  |     | 4,202,328                  | 1,593,055                                | 2,516,342                              | (29,942,094)             |
| Public works                                  |    | 13,231,006  |     | 1,338,479                  | 4,924,933                                | 9,274,546                              | 2,306,952                |
| Health and welfare                            |    | 2,898,542   |     | 723,574                    | 559,186                                  |  | (1,615,782)              |
| Culture and recreation                        |    | 6,965,260   |     | 845,560                    | 333,323                                  | 490,000                                | (5,296,377)              |
| Community development                         |    | 4,096,835   |     | 2,292,638                  | 2,068,976                                | —                                      | 264,779                  |
| Storm water                                   |    | 2,193,290   |     |                            | 433,435                                  | 1,723,958                              | (35,897)                 |
| General government                            |    | 8,225,760   |     | —                          |  | 9,958,466                              | 1,732,706                |
| Interest on long-term debt                    |    | 1,050,153   |     |                            |  |  | (1,050,153)              |
| Total governmental activities                 |    | 84,664,444  |     | 15,098,737                 | 9,957,178                                | 23,963,312                             | (35,645,217)             |
| Business-type activities:                     |    |             |     |                            |  |  |                          |
| Power and light                               |    | 89,265,988  |     | 103,133,249                | _  | 2,628,123                              | 16,495,384               |
| Water   |    | 17,723,114  |     | 17,744,404                 |  | 1,701,567                              | 1,722,857                |
| Sewer   |    | 12,721,171  |     | 15,058,695                 |  | 1,232,359                              | 3,569,883                |
| Total business-type activities                |    | 119,710,273 |     | 135,936,348                |  | 5,562,049                              | 21,788,124               |
| Total primary government                      | \$ | 204,374,717 | _ ; | 151,035,085                | 9,957,178                                | 29,525,361                             | (13,857,093)             |
| Component unit:                               |    |             |     |                            |  |  |                          |
| Tax increment financing                       | \$ | 35,880,839  | = : |                            |  | 645,599                                | (35,235,240)             |
|   |    |             |     | Governmental<br>Activities | Business-Type<br>Activities              | Total                                  | Component<br>Unit        |
| Changes in net assets:                        |    |             |     |                            |  |  |                          |
| Net (expense) revenue                         |    |             | \$  | (35,645,217)               | 21,788,124                               | (13,857,093)                           | (35,235,240)             |
| General revenues:                             |    |             |     |                            |  |  |                          |
| Property taxes                                |    |             |     | 6,952,380                  |  | 6,952,380                              |                          |
| Sales and use taxes                           |    |             |     | 37,728,799                 | <u> </u>                                 | 37,728,799                             | 7,829,337                |
| Franchise taxes                               |    |             |     | 8,209,734                  |  | 8,209,734                              |                          |
| Financial institutions tax                    |    |             |     | 34,802                     |  | 34,802                                 |                          |
| Investment earnings                           |    |             |     | 1,785,111                  | 2,532,853                                | 4,317,964                              | 3,631,948                |
| Miscellaneous                                 |    |             |     | 589,469                    | 47,953                                   | 637,422                                | 115,816                  |
| Transfers in (out)                            |    |             |     | 13,180,055                 | (13,180,055)                             |  |                          |
| Total general revenue and                     |    |             | -   |                            |  |  |                          |
| transfers                                     |    |             |     | 68,480,350                 | (10,599,249)                             | 57,881,101                             | 11,577,101               |
| Change in net assets                          |    |             |     | 32,835,133                 | 11,188,875                               | 44,024,008                             | (23,658,139)             |
| Net assets (deficit), beginning (as restated) |    |             | _   | 187,448,419                | 316,883,322                              | 504,331,741                            | (68,910,107)             |
| NT  |    |             |     |                            |  |  |                          |

See accompanying notes to financial statements.

Net assets (deficit), ending

.

(92,568,246)

220,283,552

\$

328,072,197

548,355,749

### **CITY OF INDEPENDENCE, MISSOURI**

Balance Sheet

#### Governmental Funds

June 30, 2007

| Pooled cash and investments         \$         1,778,274         —         23,524,348         25,302,622           Receivables:         1         1         7         2         5         7         2         5         7         2         5         7         2         5         7         2         5         7         2         5         7         7         10,496         16,847         167,090         5         7         6         7         2         5         7         8         7         167,090         3         7         10,496         16,847         167,090         3         7         10,496         16,847         167,090         3         7         10,496         16,847         167,090         3         1229,906         3         7         10,498         165,00         1,221,488         10         1229,906         3         1221,488         10         1321,488         10         1321,488         10         1321,488         1221,488         1221,488         1221,488         1221,488         130,712         33,623,908         48,365,458         1321,488         143,938   | Assets                                      | _   | General    | Street<br>Improvements | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---|-----|------------|------------------------|-----------------------------------|--------------------------------|
| $\begin{array}{c c c c c c c c c c c c c c c c c c c $   |   | \$  | 1,778,274  | _                      | 23,524,348                        | 25,302,622                     |
| $\begin{array}{c cccc} Accounts & 139,747 & 10,496 & 16,847 & 167,090 \\ Special assessment principal and accrued interest & 386,510 & 433,532 & 1,298,024 & 2,118,066 \\ Accrued interest & 21,396 & - & 208,510 & 229,906 \\ Due from other funds & 3,731,049 & - & 1,438,535 & 5,169,584 \\ Due from other governments & 838,166 & 2,826,158 & 933,920 & 4,598,244 \\ Restricted assets & 439,988 & - & 3,309,752 & 3,749,740 \\ \hline Total assets & $ 10,166,376 & 4,575,174 & 33,623,908 & 48,365,458 \\ \hline Liabilities: & & & & & & & & & & & & & & & & & & &$   |   |     |            |                        |                                   |                                |
| Special assessment principal and accrued interest $386,510$ $433,532$ $1,298,024$ $2,118,066$ Accrued interest $21,396$ $208,510$ $229,906$ Due from other funds $3,731,049$ $1,438,535$ $5,169,584$ Due from other governments $838,166$ $2,826,158$ $933,920$ $4,598,244$ Restricted assets $439,988$ $3,309,752$ $3,749,740$ Total assets $5$ $10,166,376$ $4,575,174$ $33,623,908$ $48,365,458$ Liabilities and Fund BalancesLiabilitiesAccounts and contracts payable $5$ $613,850$ $951,089$ $3,274,319$ $4,839,258$ Due to other funds $ 3,422,379$ $1,692,179$ $5,114,558$ Accrued items $1,625,224$ $83,103$ $1,708,327$ Other current liabilities $590,240$ $26,380$ $616,620$ Det ot other funds $215,854$ $215,854$ Deposits and court bonds $215,854$ $215,854$ Det other bonds $215,854$ $215,854$ Total liabilities $3,431,678$ $4,877,057$ $6,540,996$ $14,849,731$ Fund balances:Reserved for:Encumbrances $942,874$ $1,526,657$ $9,316,039$ $11,785,570$ Domestic violence $13,$   |   |     |            | —                      |                                   |                                |
| $\begin{array}{c c c c c c c c c c c c c c c c c c c $   | •   |     |            |                        |                                   | ,                              |
| $\begin{array}{c c c c c c c c c c c c c c c c c c c $   |   |     | ,          | 433,532                |                                   |                                |
| Due from component unit       1,304,988       16,500       1,321,488         Due from other governments       838,166       2,826,158       933,920       4,598,244         Restricted assets       339,988  |   |     |            |                        |                                   |                                |
| Due from other governments $838,166$ $2,826,158$ $933,920$ $4,598,244$ Restricted assets $439,988$ $ 3,309,752$ $3,749,740$ Total assets $5$ $10,166,376$ $4,575,174$ $33,623,908$ $48,365,458$ Liabilities and Fund BalancesLiabilities:Accounts and contracts payable $5$ $613,850$ $951,089$ $3,274,319$ $4,839,258$ Due to other funds $ 3,422,379$ $1,692,179$ $5,114,558$ Accrued items $1,625,224$ $ 83,103$ $1,708,327$ Other current liabilities $590,240$ $ 26,380$ $616,620$ Deferred revenue $386,510$ $503,589$ $1,465,015$ $2,355,114$ Liabilities $3,431,678$ $4,877,057$ $6,540,996$ $14,849,731$ Fund balances: $942,874$ $1,526,657$ $9,316,039$ $11,785,570$ Domestic violence $13,617$ $  13,617$ Other purposes $1,244,202$ $ 85,739$ $1,329,941$ Unreserved, reported in: $   4,534,005$ General fund $4,534,005$ $  4,534,005$ Special revenue funds $  82,229$ $82,229$ Capital projects funds $  82,229$ $82,229$ Capital projects funds $  9,670$ $9,670$ Total fund balance (deficit) $6,734,698$ $(301,883)$ $27,082,912$ $33,515,727$   |   |     | 3,731,049  |                        |                                   |                                |
| Restricted assets       439,988       —       3,309,752       3,749,740         Total assets       \$       10,166,376       4,575,174       33,623,908       48,365,458         Liabilities and Fund Balances       \$       10,166,376       4,575,174       33,623,908       48,365,458         Liabilities and contracts payable       \$       613,850       951,089       3,274,319       4,839,258         Due to other funds       —       3,422,379       1,692,179       5,114,558         Accounts and contracts payable       \$       613,850       951,089       3,274,319       4,839,258         Due to other funds       1,625,224       —       83,103       1,708,327         Other current liabilities       590,240       —       26,380       616,620         Deferred revenue       386,510       503,589       1,465,015       2,355,114         Liabilities       3,431,678       4,877,057       6,540,996       14,849,731         Fund balances:       Reserved for:       1,244,202       —       85,739       1,329,941         Unreserved, reported in:       1,244,202       —       4,534,005       —       —       4,534,005         Other purposes       1,244,202       —       82,229     |   |     |            |                        |                                   |                                |
| Total assets       5       10,166,376       4,575,174       33,623,908       48,365,458         Liabilities and Fund Balances       \$       10,166,376       4,575,174       33,623,908       48,365,458         Liabilities and contracts payable       \$       613,850       951,089       3,274,319       4,839,258         Due to other funds       —       3,422,379       1,692,179       5,114,558         Accrued items       1,625,224       —       83,103       1,708,327         Other current liabilities       590,240       —       26,380       616,620         Deferred revenue       386,510       503,589       1,465,015       2,355,114         Liabilities payable from restricted assets:       Deposits and court bonds       215,854       —       —       215,854         Total liabilities       3,431,678       4,877,057       6,540,996       14,849,731         Fund balances:       Reserved for:       —       —       13,617       —       —       13,617         Other purposes       1,244,202       —       85,739       1,329,941       Unreserved, reported in:       —       —       4,534,005         General fund       4,534,005       —       —       —       17,620,241       1 |   |     |            | 2,826,158              |                                   |                                |
| Liabilities and Fund Balances         (1)(10)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)   | Restricted assets                           | -   | 439,988    |                        | 3,309,752                         | 3,749,740                      |
| Liabilities:<br>Accounts and contracts payable<br>Due to other funds\$ 613,850<br>-<br>3,422,379 $951,089$<br>3,274,319<br>1,692,179<br>3,114,558<br>4,620,279<br>5,114,558<br>4,620<br>Deferred revenue<br>Liabilities $951,089$<br>3,422,379<br>1,692,179<br>-<br>   | Total assets                                | \$_ | 10,166,376 | 4,575,174              | 33,623,908                        | 48,365,458                     |
| Accounts and contracts payable\$ $613,850$ $951,089$ $3,274,319$ $4,839,258$ Due to other funds- $3,422,379$ $1,692,179$ $5,114,558$ Accrued items $1,625,224$ - $83,103$ $1,708,327$ Other current liabilities $590,240$ - $26,380$ $616,620$ Deferred revenue $386,510$ $503,589$ $1,465,015$ $2,355,114$ Liabilities payable from restricted assets: $215,854$ 215,854Deposits and court bonds $215,854$ 215,854Total liabilities $3,431,678$ $4,877,057$ $6,540,996$ $14,849,731$ Fund balances:Permannecs $942,874$ $1,526,657$ $9,316,039$ $11,785,570$ Domestic violence $13,617$ 13,617Other purposes $1,244,202$ - $85,739$ $1,329,941$ Unreserved, reported in: $4,534,005$ -General fund $4,534,005$ $4,534,005$ Special revenue funds $82,229$ $82,229$ Capital projects funds $9,670$ $9,670$ Permanent funds $-9,6709,670Total fund balance (deficit)6,734,698(301,883)27,082,91233,515,727$   | Liabilities and Fund Balances               |     |            | _                      |                                   |                                |
| Accounts and contracts payable\$ $613,850$ $951,089$ $3,274,319$ $4,839,258$ Due to other funds- $3,422,379$ $1,692,179$ $5,114,558$ Accrued items $1,625,224$ - $83,103$ $1,708,327$ Other current liabilities $590,240$ - $26,380$ $616,620$ Deferred revenue $386,510$ $503,589$ $1,465,015$ $2,355,114$ Liabilities payable from restricted assets: $215,854$ 215,854Deposits and court bonds $215,854$ 215,854Total liabilities $3,431,678$ $4,877,057$ $6,540,996$ $14,849,731$ Fund balances:P-13,617Reserved for:13,61713,617Other purposes1,244,202- $85,739$ 1,329,941Unreserved, reported in:4,534,005-General fund4,534,0054,534,005Special revenue funds $82,229$ Capital projects funds $9,670$ $9,670$ Permanent funds $9,670$ $9,670$ $9,670$ Total fund balance (deficit) $6,734,698$ $(301,883)$ $27,082,912$ $33,515,727$   | Liabilities:                                |     |            |                        |                                   |                                |
| Due to other funds $ 3,422,379$ $1,692,179$ $5,114,558$ Accrued items $1,625,224$ $ 83,103$ $1,708,327$ Other current liabilities $590,240$ $ 26,380$ $616,620$ Deferred revenue $386,510$ $503,589$ $1,465,015$ $2,355,114$ Liabilities payable from restricted assets: $215,854$ $  215,854$ Deposits and court bonds $215,854$ $  215,854$ Total liabilities $3,431,678$ $4,877,057$ $6,540,996$ $14,849,731$ Fund balances:Reserved for: $13,617$ $  13,617$ Domestic violence $13,617$ $  13,617$ Other purposes $1,244,202$ $ 85,739$ $1,329,941$ Unreserved, reported in: $  4,534,005$ $-$ General fund $4,534,005$ $  4,534,005$ Debt service fund $  82,229$ $82,229$ Capital projects funds $  9,670$ $9,670$ Permanent funds $   9,670$ $9,670$ Total fund balance (deficit) $6,734,698$ $(301,883)$ $27,082,912$ $33,515,727$   |   | \$  | 613,850    | 951 089                | 3 274 319                         | 4 839 258                      |
| Accrued items $1,625,224$ $83,103$ $1,708,327$ Other current liabilities $590,240$ $26,380$ $616,620$ Deferred revenue $386,510$ $503,589$ $1,465,015$ $2,355,114$ Liabilities payable from restricted assets: $215,854$ $215,854$ Deposits and court bonds $215,854$ $215,854$ Total liabilities $3,431,678$ $4,877,057$ $6,540,996$ $14,849,731$ Fund balances:Reserved for:13,617Domestic violence $13,617$ $13,617$ Other purposes $1,244,202$ $85,739$ $1,329,941$ Unreserved, reported in: $4,534,005$ General fund $4,534,005$ $4,534,005$ Special revenue funds $82,229$ $82,229$ Capital projects funds $9,670$ $9,670$ Permanent funds $9,670$ $9,670$ Total fund balance (deficit) $6,734,698$ $(301,883)$ $27,082,912$ $33,515,727$  |   | ÷   |            |                        |                                   |                                |
| Other current liabilities $590,240$ - $26,380$ $616,620$ Deferred revenue $386,510$ $503,589$ $1,465,015$ $2,355,114$ Liabilities payable from restricted assets:Deposits and court bonds $215,854$ 215,854Total liabilities $3,431,678$ $4,877,057$ $6,540,996$ $14,849,731$ Fund balances:Reserved for: $3,617$ 13,617Domestic violence $13,617$ 13,617Other purposes $1,224,202$ - $85,739$ $1,329,941$ Unreserved, reported in: $-$ - $4,534,005$ -General fund $4,534,005$ $4,534,005$ Special revenue funds $82,229$ $82,229$ Capital projects funds $9,670$ $9,670$ Permanent funds $9,670$ $9,670$ $9,670$ Total fund balance (deficit) $6,734,698$ $(301,883)$ $27,082,912$ $33,515,727$  | Accrued items                               |     | 1.625.224  |                        |                                   |                                |
| Deferred revenue $386,510$ $503,589$ $1,465,015$ $2,355,114$ Liabilities payable from restricted assets:Deposits and court bonds $215,854$ —— $215,854$ Total liabilities $3,431,678$ $4,877,057$ $6,540,996$ $14,849,731$ Fund balances:Reserved for: $3,431,678$ $4,877,057$ $6,540,996$ $14,849,731$ Fund balances: $942,874$ $1,526,657$ $9,316,039$ $11,785,570$ Domestic violence $13,617$ ——13,617Other purposes $1,244,202$ — $85,739$ $1,329,941$ Unreserved, reported in: $-$ — $4,534,005$ —General fund $4,534,005$ —— $4,534,005$ Special revenue funds—— $17,620,241$ $17,620,241$ Debt service fund—— $82,229$ $82,229$ Capital projects funds—— $9,670$ $9,670$ Permanent funds—— $9,670$ $9,670$ Total fund balance (deficit) $6,734,698$ $(301,883)$ $27,082,912$ $33,515,727$   | Other current liabilities                   |     |            | _                      |                                   |                                |
| Liabilities payable from restricted assets:       215,854  | Deferred revenue                            |     |            | 503,589                |                                   |                                |
| Total liabilities       3,431,678       4,877,057       6,540,996       14,849,731         Fund balances:       Reserved for:       942,874       1,526,657       9,316,039       11,785,570         Domestic violence       13,617         13,617         Other purposes       1,244,202        85,739       1,329,941         Unreserved, reported in:         4,534,005         General fund       4,534,005         4,534,005         Debt service fund        17,620,241       17,620,241       17,620,241         Debt service fund         82,229       82,229       82,229         Capital projects funds         9,670       9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727   | Liabilities payable from restricted assets: |     | ,          | ,                      | •,•••,•••                         | _,,                            |
| Fund balances:       942,874       1,526,657       9,316,039       11,785,570         Domestic violence       13,617        13,617         Other purposes       1,244,202        85,739       1,329,941         Unreserved, reported in:         4,534,005         General fund       4,534,005         4,534,005         Special revenue funds        17,620,241       17,620,241       17,620,241         Debt service fund         82,229       82,229       82,229         Capital projects funds         9,670       9,670         Permanent funds         9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727   | Deposits and court bonds                    | _   | 215,854    |                        |                                   | 215,854                        |
| Reserved for:       942,874       1,526,657       9,316,039       11,785,570         Domestic violence       13,617         13,617         Other purposes       1,244,202        85,739       1,329,941         Unreserved, reported in:         4,534,005         General fund       4,534,005         4,534,005         Special revenue funds        17,620,241       17,620,241         Debt service fund        82,229       82,229         Capital projects funds         82,229         Permanent funds         9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727   | Total liabilities                           | _   | 3,431,678  | 4,877,057              | 6,540,996                         | 14,849,731                     |
| Encumbrances       942,874       1,526,657       9,316,039       11,785,570         Domestic violence       13,617         13,617         Other purposes       1,244,202        85,739       1,329,941         Unreserved, reported in:         4,534,005         General fund       4,534,005         4,534,005         Special revenue funds         4,534,005         Capital projects fund        82,229       82,229         Capital projects funds         9,670         Permanent funds         9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727  |   |     |            |                        |                                   |                                |
| Domestic violence       13,617       -       -       13,617         Other purposes       1,244,202       -       85,739       1,329,941         Unreserved, reported in:       -       -       4,534,005       -       -       4,534,005         General fund       4,534,005       -       -       4,534,005       -       -       4,534,005         Special revenue funds       -       -       17,620,241       17,620,241       17,620,241         Debt service fund       -       -       82,229       82,229       82,229         Capital projects funds       -       -       9,670       9,670         Permanent funds       -       -       9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727  |   |     | 042 974    | 1 576 657              | 0 2 1 6 0 2 0                     | 11 795 570                     |
| Other purposes       1,244,202        85,739       1,329,941         Unreserved, reported in:         4,534,005         4,534,005         Special revenue funds         17,620,241       17,620,241       17,620,241         Debt service fund         82,229       82,229       82,229         Capital projects funds         9,670       9,670         Permanent funds         9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727  |   |     |            | 1,520,057              | 9,310,039                         |                                |
| Unreserved, reported in:       4,534,005       -       4,534,005         General fund       4,534,005       -       4,534,005         Special revenue funds       -       17,620,241       17,620,241         Debt service fund       -       -       82,229       82,229         Capital projects funds       -       (1,828,540)       (31,006)       (1,859,546)         Permanent funds       -       -       9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727   |   |     |            |                        | 85 730                            |                                |
| General fund       4,534,005        -       4,534,005         Special revenue funds        17,620,241       17,620,241         Debt service fund        82,229       82,229         Capital projects funds        (1,828,540)       (31,006)       (1,859,546)         Permanent funds        9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727   |   |     | 1,244,202  |                        | 65,759                            | 1,527,741                      |
| Special revenue funds       —       —       17,620,241       17,620,241         Debt service fund       —       —       82,229       82,229         Capital projects funds       —       (1,828,540)       (31,006)       (1,859,546)         Permanent funds       —       9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727   |   |     | 4.534.005  |                        |                                   | 4 534 005                      |
| Debt service fund        82,229       82,229         Capital projects funds        (1,828,540)       (31,006)       (1,859,546)         Permanent funds        9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727  | Special revenue funds                       |     | .,         |                        | 17.620.241                        |                                |
| Capital projects funds       —       (1,828,540)       (31,006)       (1,859,546)         Permanent funds       —       9,670       9,670       9,670         Total fund balance (deficit)       6,734,698       (301,883)       27,082,912       33,515,727   |   |     |            |                        |                                   |                                |
| Permanent funds  | Capital projects funds                      |     |            | (1,828,540)            |                                   |                                |
|  | Permanent funds                             | _   |            |                        |                                   |                                |
| Total liabilities and fund balance         \$ 10,166,376         4,575,174         33,623,908         48,365,458   | Total fund balance (deficit)                | _   | 6,734,698  | (301,883)              | 27,082,912                        | 33,515,727                     |
|  | Total liabilities and fund balance          | \$_ | 10,166,376 | 4,575,174              | 33,623,908                        | 48,365,458                     |

.

## **CITY OF INDEPENDENCE, MISSOURI**

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

## June 30, 2007

| Fund balances – total governmental funds   | \$  | 33,515,727                |
|--|-----|---------------------------|
| Capital assets used in governmental activities are not financial resources and<br>therefore are not reported in the funds:<br>Governmental capital assets  |     | 350,245,258               |
| Less accumulated depreciation  | -   | (129,583,655)             |
|  |     | 220,661,603               |
| Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when paid  |     | (354,230)                 |
| Adjustment of deferred revenue   |     | 2,118,066                 |
| Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets |     | 2,745,696                 |
| Long-term liabilities, including bonds payable are not due and payable in the<br>current period and therefore are not reported in the funds<br>Loans payable/NID payable<br>Capital lease obligations  |     | (24,789,000)<br>(712,484) |
| Compensated absences<br>Discounts (premiums)   |     | (13,174,061)<br>(4,626)   |
| (F)  | -   | (38,680,171)              |
| Deferred debt costs  | _   | 276,861                   |
| Net assets of governmental activities (exhibit 1)  | \$_ | 220,283,552               |

See accompanying notes to financial statements.

.

.

.

### CITY OF INDEPENDENCE, MISSOURI

### Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

#### Year ended June 30, 2007

|   | , <u></u> | General              | Street<br>Improvements | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------|----------------------|------------------------|-----------------------------------|--------------------------------|
| Revenues:   |           |                      |                        |                                   |                                |
| Taxes   | \$        | 32,261,435           | _                      | 20,629,478                        | 52,890,913                     |
| Licenses and permits  |           | 4,300,683            |                        | 1,171,509                         | 5,472,192                      |
| Intergovernmental   |           | 5,654,002            | 5,074,123              | 5,806,308                         | 16,534,433                     |
| Charges for services  |           | 1,858,887            | 22,316                 | 706,580                           | 2,587,783                      |
| Interfund charges for support services  |           | 3,105,514            |                        |                                   | 3,105,514                      |
| Fines, forfeitures, and court costs   |           | 3,900,967            | _                      |                                   | 3,900,967                      |
| Investment income   |           | 344,679              | 2 602 0(1              | 1,243,679                         | 1,588,358                      |
| Reimbursements from component unit  |           | 412 410              | 3,502,961              | 221 004                           | 3,502,961                      |
| Other   |           | 412,410              | 165,264                | 221,906                           | 799,580                        |
| Total revenues  |           | 51,838,577           | 8,764,664              | 29,779,460                        | 90,382,701                     |
| Expenditures:   |           |                      |                        |                                   |                                |
| Current:  |           |                      |                        |                                   |                                |
| Administrative services   |           | 7,548,694            |                        | 44,269                            | 7,592,963                      |
| Public safety   |           | 35,247,021           |                        | 4,446,626                         | 39,693,647                     |
| Public works  |           | 7,173,004            |                        |                                   | 7,173,004                      |
| Health and welfare  |           | 2,342,813            |                        | 493,136                           | 2,835,949                      |
| Culture and recreation<br>Community development                               |           | 2,031,166            | _                      | 3,067,660<br>1,525,599            | 5,098,826<br>4,182,354         |
| Storm water   |           | 2,656,755<br>306,150 | _                      | 1,232,707                         | 4,182,334<br>1,538,857         |
| General government  |           | 7,294,544            | _                      | 287,680                           | 7,582,224                      |
| Capital outlay  |           | 981,730              | 10,248,912             | 20,505,996                        | 31,736,638                     |
| Debt service:   |           | 201,750              | 10,240,712             | 20,000,000                        | 51,750,050                     |
| Principal   |           | 347,394              |                        | 2,909,000                         | 3,256,394                      |
| Interest and fiscal agent fees  | _         | 68,792               |                        | 932,514                           | 1,001,306                      |
| Total expenditures  |           | 65,998,063           | 10,248,912             | 35,445,187                        | 111,692,162                    |
| Deficiency of revenues over<br>expenditures                                   |           | (14,159,486)         | (1,484,248)            | (5,665,727)                       | (21,309,461)                   |
| L L   |           | (-,,,,,-             | (1)10 (2)10)           | (0,000,127)                       |                                |
| Other financing sources (uses):<br>Proceeds from capital leases/bond issuance |           | 144,129              |                        | 8,255,000                         | 8,399,129                      |
| Reoffering premium/original issue discount                                    |           | 144,129              |                        | 8,233,000<br>78,680               | 78,680                         |
| Transfers in – utility payments in lieu of taxes                              |           | 13,039,463           | _                      | 78,080                            | 13.039.463                     |
| Transfers in  |           | .5,057,405           | 1,371,761              | 730,538                           | 2,102,299                      |
| Transfers out   |           | (125,287)            |                        | (1,836,420)                       | (1,961,707)                    |
| Sale of property, plant, and equipment  |           | 50,834               |                        |                                   | 50,834                         |
| Total other financing sources   |           | 13,109,139           | 1,371,761              | 7,227,798                         | 21,708,698                     |
| Net change in fund balances   |           | (1,050,347)          | (112,487)              | 1,562,071                         | 399,237                        |
| Fund balances (deficit), beginning, as restated                               |           | 7,785,045            | (189,396)              | 25,520,841                        | 33,116,490                     |
| Fund balances (deficit), ending   | \$        | 6,734,698            | (301,883)              | 27,082,912                        | 33,515,727                     |

| CITY OF INDEPENDENCE, MISSOURI   |      | Exhibit 4.1   |
|--|------|---|
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  | Char | iges  |
| in Fund Balances to the Statement of Activities  |      |   |
| Year ended June 30, 2007   |      |   |
| Net change in fund balances – total governmental funds   | \$   | 399,237   |
| Amounts reported for governmental activities in the statement of activities are<br>different because:<br>Governmental funds report capital outlays as expenditures. However, in<br>the statement of activities, the cost of those assets is allocated over<br>their estimated useful lives as depreciation expense. This is the amount<br>by which capital outlays exceeded depreciation in the current period.  |      |   |
| Capital outlay   |      | 33,196,639  |
| Depreciation expense<br>Donated assets   | _    | (9,574,024)<br><u>13,569,692</u><br><u>37,192,307</u> |
| The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the assets and depreciation is removed from the capital assets account in the statement of net assets and offset against the proceeds, resulting in a gain on the sale of capital assets in the statement of activities. More revenue is reported in the governmental funds than gain in the statement of activities.   |      |   |
| Book value of assets disposed  |      | (718,743)   |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds  |      | 54,681  |
| Bond proceeds provide current financial resources to governmental funds,<br>but issuing debt increases long-term liabilities in the statement of net assets.<br>Repayment of bond principal is an expenditure in the governmental funds,<br>but the repayment reduces long-term liabilities in the statement of net assets.<br>This is the amount by which proceeds exceeded repayments. Also,<br>governmental funds report the effect of issuance costs, premiums, discounts,<br>and similar items when debt is first issued, whereas these amounts are deferred<br>and amortized in the statement of activities. This amount is the net effect of<br>these differences in the treatment of long-term debt and related items: |      |   |
| Proceeds from debt issuance<br>Reoffering premium/original issue discount  |      | (8,399,129)<br>(78,680)                               |
| Principal payments   |      | 3,256,394   |
| Debt issuance costs amortization<br>Debt premiums and discounts amortizations  |      | 14,103<br>67,342                                      |
| F  |      | (5,139,970)   |
| Some expenses reported in the statement of activities do not require the use of<br>current financial resources and therefore are not reported as expenditures in the<br>governmental funds:  |      |   |
| Compensated absences<br>Accrued interest   |      | (738,564)<br>(48,847)                                 |
|  | _    | (787,411)   |
| Internal Service Funds are used by management to charge the costs of certain   |      | - · ·   |
| activities, such as insurance and garage charges, to individual funds. The net<br>expense of the internal service funds is reported with the governmental activities   |      | 1,835,032   |
| Change in net assets of governmental activities (Exhibit 2)  | \$_  | 32,835,133  |

#### Balance Sheet

#### Proprietary Funds

### June 30, 2007

|   |     |                        | Internal                |                         |                           |                  |
|---|-----|------------------------|-------------------------|-------------------------|---------------------------|------------------|
| Assets  |     | Power and<br>Light     | Water                   | Sanitary<br>Sewer       | Total                     | Service<br>Funds |
|   |     | Light                  | water                   | Sewei                   |                           | runus            |
| Current assets:<br>Pooled cash and investments<br>Receivables:            | \$  | 24,044,022             | 6,584,459               | 9,270,946               | 39,899,427                | 5,142,734        |
| Accounts (net of allowance of \$877,889)<br>Unbilled revenue              |     | 6,894,164<br>8,637,707 | 1,668,927<br>863,681    | 1,807,490<br>996,029    | 10,370,581<br>10,497,417  | 67,735           |
| Special assessment principal and accrued interest                         |     | 4,676                  |                         | 63,520                  | 68,196                    | _                |
| Accrued interest  |     | 485,390                | 139,434                 | 95,760                  | 720,584                   | 6,006            |
| Other<br>Due from other funds   |     | 0.082                  | 124,108                 | 2 092                   | 124,108                   | _                |
| Due from other governments  |     | 9,983<br>328,295       | 6,008                   | 3,983                   | 19,974<br>328,295         | _                |
| Inventory   |     | 12,774,205             | 594,830                 | 63,445                  | 13,432,480                | 90,526           |
| Prepaid items   |     | 4,702                  | ·                       | ·                       | 4,702                     | _                |
| Restricted cash and investments   |     | 1,101,623              | 297,556                 | 220,022                 | 1,619,201                 |                  |
| Total current assets  | -   | 54,284,767             | 10,279,003              | 12,521,195              | 77,084,965                | 5,307,001        |
| Noncurrent assets:  |     |                        |                         |                         |                           |                  |
| Capital assets:<br>Nondepreciable   |     | 27,278,539             | 4 370 880               | 2 622 244               | 25 000 662                | 02 070           |
| Depreciable, net  |     | 127,574,115            | 4,279,880<br>97,316,697 | 3,522,244<br>61,801,433 | 35,080,663<br>286,692,245 | 93,979<br>2,200  |
| Deferred debt issue costs   |     | 281,864                | 824,182                 | 01,001,455<br>          | 1,106,046                 | 2,200            |
| Other deferred charges  |     | 77,750                 | 2,245,273               | _                       | 2,323,023                 |                  |
| Restricted cash and investments   | -   | 231,101                | 500,000                 |                         | 731,101                   |                  |
| Total noncurrent assets   | -   | 155,443,369            | 105,166,032             | 65,323,677              | 325,933,078               | 96,179           |
| Total assets  | \$  | 209,728,136            | 115,445,035             | 77,844,872              | 403,018,043               | 5,403,180        |
| Liabilities and Net Assets  |     |                        |                         |                         |                           |                  |
| Current liabilities:  |     |                        |                         |                         |                           |                  |
| Accounts and contracts payable<br>Due to other funds                      | \$  | 8,671,711              | 914,564                 | 316,699                 | 9,902,974                 | 83,009<br>75,000 |
| Accrued items   |     | 335,714                | 79,541                  | 211,353                 | 626,608                   | 7,498            |
| Other current liabilities   |     | 100,000                | —                       | 29,821                  | 129,821                   | ·                |
| Current portion of long-term obligations<br>Medical self-insurance claims |     | 3,201,345              | 3,133,010               | 266,467                 | 6,600,822                 | 29,535           |
| Liabilities payable from restricted assets                                |     | 1,025,161              | 577,920                 | 191,255                 | 1,794,336                 | 1,215,829        |
| Total current liabilities   | -   |                        |                         |                         |                           |                  |
|   | -   | 13,333,931             | 4,705,035               | 1,015,595               | 19,054,561                | 1,410,871        |
| Noncurrent liabilities:   |     | 10                     |                         |                         |                           |                  |
| Revenue bonds payable<br>Compensated absences – long-term                 |     | 12,933,038             | 38,350,000              |                         | 51,283,038                |                  |
| Other long-term obligations   |     | 3,010,740              | 896,288<br>835,704      | 588,947                 | 4,495,975<br>835,704      | 43,320           |
| Advances for construction   |     | 354,449                | 125,412                 | _                       | 479,861                   | _                |
| Total noncurrent liabilities  | -   | 16,298,227             | 40,207,404              | 588,947                 | 57,094,578                | 43,320           |
| Total liabilities   | -   | 29,632,158             | 44,912,439              | 1,604,542               | 76,149,139                | 1,454,191        |
| Net assets:   | -   |                        |                         |                         |                           |                  |
| Invested in capital assets, net of related debt<br>Restricted for:        |     | 140,136,480            | 61,870,759              | 65,323,677              | 267,330,916               | 96,179           |
| Debt service  |     | 231,101                | 500,000                 | _                       | 731,101                   | _                |
| Unrestricted  | _   | 39,728,397             | 8,161,837               | 10,916,653              | 58,806,887                | 3,852,810        |
| Total net assets  | _   | 180,095,978            | 70,532,596              | 76,240,330              | 326,868,904               | 3,948,989        |
| Total liabilities and net assets  | \$_ | 209,728,136            | 115,445,035             | 77,844,872              |                           | 5,403,180        |
|   | -   |                        |                         |                         |                           |                  |

Adjustment to reflect the consolidation of internal service fund activities related to proprietary funds Net assets of business-type activities

#### CITY OF INDEPENDENCE, MISSOURI

.

#### Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

#### Year ended June 30, 2007

|   |    |  | Internal    |                       |              |                  |
|---|----|--|-------------|-----------------------|--------------|------------------|
|   | -  | Power and<br>Light                     | Water       | Sanitary<br>Sewer     | Total        | Service<br>Funds |
|   | -  |  | water       | Sewer                 | 10(81        | Funds            |
| Operating revenues:                               |    | 101 040 055                            |             |                       | 104 100 040  | 14 76 1 660      |
| Charges for services<br>Miscellaneous             | \$ | 101,840,755<br>1,292,494               | 17,392,058  | 14,918,036<br>140,659 | 134,150,849  | 14,761,552       |
|   | -  |  | 352,346     |                       | 1,785,499    |                  |
| Total operating revenues                          | _  | 103,133,249                            | 17,744,404  | 15,058,695            | 135,936,348  | 14,761,552       |
| Operating expenses:                               |    |  |             |                       |              |                  |
| Personal services                                 |    | 14,429,332                             | 6,204,951   | 4,326,029             | 24,960,312   | 633,877          |
| Other services                                    |    | 11,940,792                             | 3,251,272   | 5,924,517             | 21,116,581   | 11,371,019       |
| Supplies  |    | 48,500,700                             | 1,354,438   | 543,723               | 50,398,861   | 902,035          |
| Capital Outlay                                    |    | 2,685                                  | 30,333      | -                     | 33,018       |                  |
| Other expenses                                    |    | 5,549,796                              | 2,507,386   | 90,298                | 8,147,480    | <u> </u>         |
| Depreciation and amortization                     | _  | 9,429,199                              | 2,388,295   | 2,321,143             | 14,138,637   | 550              |
| Total operating expenses                          | _  | 89,852,504                             | 15,736,675  | 13,205,710            | 118,794,889  | 12,907,481       |
| Operating income                                  |    | 13,280,745                             | 2,007,729   | 1,852,985             | 17,141,459   | 1,854,071        |
| Nonoperating revenues (expenses):                 |    |  |             |                       |              |                  |
| Interest revenue                                  |    | 1,683,827                              | 404,633     | 444,393               | 2,532,853    | 196,753          |
| Miscellaneous revenue                             |    | 496,722                                | 1,632,683   | 16,190                | 2,145,595    | 698,060          |
| Interest expense                                  |    | (1,040,238)                            | (2,014,033) | _                     | (3,054,271)  |                  |
| Inter-Local agreement                             | _  |  | (872,607)   |                       | (872,607)    |                  |
| Total nonoperating revenue (expenses)             | _  | 1,140,311                              | (849,324)   | 460,583               | 751,570      | 894,813          |
| Income before contributions and transfers         |    | 14,421,056                             | 1,158,405   | 2,313,568             | 17,893,029   | 2,748,884        |
| Capital contributions                             |    | 2,628,123                              | 1,701,567   | 1,232,359             | 5,562,049    | _                |
| Transfers out - utility payments in lieu of taxes |    | (9,950,729)                            | (1,651,501) | (1,437,233)           | (13,039,463) | _                |
| Transfers in                                      |    | (,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | (1,001,001) | 105,357               | 105,357      |                  |
| Transfers out                                     |    | (81,983)                               | (81,983)    | (81,983)              | (245,949)    | _                |
| Change in net assets                              | _  | 7,016,467                              | 1,126,488   | 2,132,068             | 10,275,023   | 2,748,884        |
| Total net assets:                                 |    |  |             |                       |              |                  |
| Beginning of the year                             |    | 173,079,511                            | 69,406,108  | 74,108,262            |              | 1,200,105        |
| End of the year                                   | \$ | 180,095,978                            | 70,532,596  |                       |              |                  |
|   | °= | 100,073,978                            | 10,332,396  | 76,240,330            |              | 3,948,989        |

Adjustment to reflect the consolidation of internal service fund activities related to proprietary funds

| the fund activities related to proprietary funds  | 913,852       |
|---|---------------|
| Change in net assets of business-type activities. | \$ 11,188,875 |

See accompanying notes to financial statements.

.

#### CITY OF INDEPENDENCE, MISSOURI

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2007

|  |                              | Enterprise funds           |                            |                              |                                   |
|--|------------------------------|----------------------------|----------------------------|------------------------------|-----------------------------------|
|  | Power and<br>Light           | Water                      | Sanitary<br>Sewer          | Total                        | Service<br>Funds                  |
| Cash flows from operations:<br>Receipts from customers and others  | <b>\$</b> 101,820,356        | 20,192,435                 | 15,312,802                 | 137,325,593                  | 15,448,509                        |
| Payments to suppliers<br>Payments to employees   | (66,906,940)<br>(14,407,210) | (7,945,561)<br>(6,169,598) | (6,575,525)<br>(4,240,928) | (81,428,026)<br>(24,817,736) | (12,403,388)<br>(621,5 <u>66)</u> |
| Net cash provided by operating activities  | 20,506,206                   | 6,077,276                  | 4,496,349                  | 31,079,831                   | 2,423,555                         |
| Cash flows from noncapital financing activities:   |                              |                            |                            |                              |                                   |
| Transfers in/(out)<br>Transfers out – payments in lieu of taxes  | (81,983)<br>(9,950,729)      | (81,983)<br>(1,651,501)    | 23,374<br>(1,437,233)      | (140,592)<br>(13,039,463)    | -                                 |
| Advances to other funds  |                              | 4,643,987                  |                            | 4,643,987                    |                                   |
| Net cash provided by (used in) noncapital<br>financing activities  | (10,032,712)                 | 2,910,503                  | (1,413,859)                | (8,536,068)                  |                                   |
| Cash flows from capital and related financing activities:  |                              |                            | -                          |                              |                                   |
| Acquisition and construction of capital assets<br>Interest paid on revenue bonds and equipment contracts | (18,350,777)<br>(785,533)    | (3,458,450)<br>(1,937,091) | (3,340,442)                | (25,149,669)<br>(2,722,624)  |                                   |
| Debt expense paid on revenue bonds   | (105,555)                    | (12,900)                   |                            | (12,900)                     |                                   |
| Disposal costs from disposition of equipment   | (836,642)                    | (935,333)                  |                            | (1,771,975)                  |                                   |
| Redemption of revenue bonds<br>Interest received on special assessment                                   | (1,995,000)                  | (2,040,000)                | 126                        | (4,035,000)<br>126           |                                   |
| Net cash used in capital and related financing activities  | (21,967,952)                 | (8,383,774)                | (3,340,316)                | (33,692,042)                 |                                   |
| Cash flows from investing activities:  |                              |                            |                            |                              |                                   |
| Purchases of investments<br>Proceeds from sales and maturities of investments                            | (34,397,830)                 | (7,899,135)                | 133,377                    | (42,163,588)                 | (1,726,799)                       |
| Interest on investments  | 35,899,258<br>1,834,164      | 8,019,676<br>439,746       | 546,920                    | 43,918,934<br>2,820,830      | 1,721,260<br>198,480              |
| Adjustment to market value   |                              |                            | (3,520)                    | (3,520)                      |                                   |
| Net cash provided by (used in) investing activities  | 3,335,592                    | 560,287                    | 676,777                    | 4,572,656                    | 192,941                           |
| Net increase (decrease) in cash and cash equivalents   | (8,158,866)                  | 1,164,292                  | 418,951                    | (6,575,623)                  | 2,616,496                         |
| Cash and cash equivalents at beginning of year   | 1,104,065                    | 287,687                    | 866,519                    | 2,258,271                    | 2,280,611                         |
| Cash and cash equivalents at end of year   | (7,054,801)                  | 1,451,979                  | 1,285,470                  | (4,317,352)                  | 4,897,107                         |
| Investments with original maturities greater than 90 days  | 32,431,546                   | 5,930,036                  | 8,205,498                  | 46,567,080                   | 245,627                           |
| Pooled cash and investments  | \$ <u>25,376,745</u>         | 7,382,015                  | 9,490,968                  | 42,249,728                   | 5,142,734                         |
| Noncash capital and related financing activities:<br>Contributed capital                                 | \$ 1,348,775                 | 1,701,567                  | 1,232,359                  | 4,282,701                    |                                   |
| Components of cash and short-term investments at end of fiscal year:                                     |                              |                            |                            |                              |                                   |
| Unrestricted assets<br>Restricted assets   | \$ 24,044,022<br>1,332,724   | 6,584,459<br>797,556       | 9,270,946<br>220,022       | 39,899,427<br>2,350,302      | 5,142,734                         |
| Total pooled cash and investments  | \$ 25,376,746                | 7,382,015                  | 9,490,968                  | 42,249,729                   | 5,142,734                         |
| Reconciliation of operating income to net cash provided by   | · <u></u>                    |                            |                            |                              |                                   |
| operating activities:<br>Operating income  | \$ 13,280,745                | 2,007,729                  | 1,852,985                  | 17,141,459                   | 1,854,071                         |
| Adjustments not affecting cash:  |                              |                            |                            |                              |                                   |
| Depreciation and amortization<br>Nonoperating revenues   | 9,429,199                    | 2,388,295                  | 2,321,143                  | 14,138,637                   | 550                               |
| Nonoperating expenses  | 496,722                      | 1,632,683<br>(872,607)     | 16,190                     | 2,145,595<br>(872,607)       | 698,060                           |
| Change in assets and liabilities:  |                              |                            |                            |                              |                                   |
| Accounts receivable<br>Inventory   | (240,312)<br>(4,840,251)     | 150,717<br>21,826          | (226,157)                  | (315,752)<br>(4,823,420)     | (11,107)                          |
| Prepaid items  | 78,025                       | 21,826                     | (4,995)                    | (4,823,420)<br>78,025        | (65,960)                          |
| Unbilled revenue   | (1,571,827)                  | 150,474                    | (33,761)                   | (1,455,114)                  |                                   |
| Due from FEMA/SEMA<br>Special assessments receivable   | (89,793)                     | _                          |                            | (89,793)<br>4,119            |                                   |
| Other deferred charges   | 21,750                       |                            | 4,119                      | 21,750                       |                                   |
| Accounts and contracts payable   | 3,801,122                    | (467,883)                  | (15,919)                   | 3,317,320                    | 33,871                            |
| Internal balances  | 92,317                       | (100.004)                  | 493,716                    | 586,033                      | 75,000                            |
| Accrued liabilities<br>Other current liabilities   | 20,244                       | (128,924)<br>(236,712)     | 9,370<br>(17,562)          | (99,310)<br>(254,274)        | 401<br>(173,273)                  |
| Customer deposits  | 26,387                       | 11,330                     | 9,735                      | 47,452                       | (                                 |
| Compensated absences<br>Inter-Local agreement  | 1,878                        | 33,583<br>1,386,765        | 87,485                     | 122,946<br>1,386,765         | 11,942                            |
| Total adjustments  | 7,225,461                    | 4,069,547                  | 2,643,364                  | 13,938,372                   | 569,484                           |
| Net cash provided by operating activities  | \$ 20,506,206                | 6,077,276                  | 4,496,349                  | 31,079,831                   | 2,423,555                         |
|  |                              |                            |                            |                              |                                   |

## CITY OF INDEPENDENCE, MISSOURI

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007

|  | Private-<br>Purpose<br>Trust Funds |        |      | Agency<br>Funds |
|--|------------------------------------|--------|------|-----------------|
| Assets:  |                                    |        |      |                 |
| Pooled cash and investments<br>Accrued interest receivable | \$                                 | 61,282 |      | 84,774<br>493   |
| Total assets   |                                    | 61,282 |      | 85,267          |
| Liabilities:   |                                    |        |      |                 |
| Accounts and contracts payable                             |                                    | 47     |      | 1,594           |
| Funds held in escrow                                       |                                    | —      |      | 49,697          |
| Flexible benefit payable                                   |                                    |        |      | 33,976          |
| Total liabilities  |                                    | 47     | _ \$ | 85,267          |
| Net assets:  |                                    |        |      |                 |
| Held in trust  | \$                                 | 61,235 | 2    |                 |

.

## CITY OF INDEPENDENCE, MISSOURI

Statement of Changes in Fiduciary Net Assets

## **Fiduciary Funds**

Year ended June 30, 2007

|   |    | Private-<br>Purpose<br>Trust Funds |
|---|----|------------------------------------|
| Additions:                                |    |                                    |
| Charges for services<br>Interest<br>Other | \$ | 19,150<br>2,582<br><u>970</u>      |
| Total additions                           |    | 22,702                             |
| Deductions:<br>Capital outlay             |    | 23,667                             |
| Total deductions                          |    | 23,667                             |
| Change in net assets                      | •  | (965)                              |
| Net assets, beginning                     |    | 62,200                             |
| Net assets, ending                        | \$ | 61,235                             |

## Index to Notes to Financial Statements

## June 30, 2007

| (1) | Summary of Significant Accounting Policies   |
|-----|--|
| (a) | The Financial Reporting Entity               |
| (b) | Basis of Presentation                        |
| (c) | Basis of Accounting                          |
| (d) | Accounts Receivable                          |
| (e) | Investments                                  |
| (f) | Inventory                                    |
| (g) | Prepaid Items                                |
| (h) | Interfund Activity                           |
| (i) | Capital Assets                               |
| (j) | Bond Premiums, Discounts, and Issuance Costs |
| (k) | Compensated Absences                         |
| (1) | Fund Balances                                |
| (m) | Permanent Fund                               |
| (n) | Net Assets                                   |
| (o) | Statement of Cash Flows40                    |
| (p) | Use of Estimates40                           |
| (q) | Reclassifications of Account Balances        |
| (r) | New Accounting Pronouncements                |
| (2) | Deposits and Investments                     |
| (3) | Tax Revenue                                  |
| (4) | Intergovernmental Revenue and Receivables    |
| (5) | Interfund Activity                           |
| (a) | Interfund Balances                           |
| (b) | Interfund Charges for Support Services       |
| (c) | Payments in Lieu of Taxes                    |

(Continued)

.

## Index to Notes to Financial Statements

## June 30, 2007

| (ď   | )   | Interfund Transfers                 |
|------|-----|-------------------------------------|
| (6)  | С   | apital Assets                       |
| (7)  | L   | ong-Term Obligations                |
| (a)  | )   | Governmental activities             |
|      | (1) | Loans Payable                       |
|      | (2) | Neighborhood Improvement District   |
|      | (3) | Capital Lease Obligations           |
| (b)  | )   | Business-type Activities            |
|      | (1) | Revenue Bonds                       |
|      | (2) | Other Obligations                   |
| (c)  |     | Discretely-presented component unit |
|      | (1) | Tax Increment Financing Loans       |
|      | (a  | ) Advance Refunding                 |
|      | (2) | Developer Obligations               |
|      | (3) | Bass Pro Lease                      |
| (8)  | Aď  | vances for Construction             |
| (9)  | E   | mployee Retirement System           |
| (10) | Po  | ost-employment Health Benefits      |
| (11) | R   | isk Management                      |
| (12) | C   | ommitments                          |
| (13) | D   | eficits                             |
| (14) | Fur | nd Equity70                         |
| (15) | Pri | or Period Adjustment                |

#### Notes to Financial Statements

June 30, 2007

### (1) Summary of Significant Accounting Policies

The City of Independence, Missouri (the City) was incorporated in 1849 and covers an area of approximately 79 square miles in Jackson County, Missouri. The City is a charter city and operates under the City Council/City Manager form of government. The City Manager is the chief administrative officer of the City. The City provides services to residents in many areas, including law enforcement, fire protection, electrical, water and sewer services, community enrichment and development, recreation and various social services. Elementary, secondary and junior college education services are provided by various school districts, all of which are separate governmental entities.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The following is a summary of the more significant accounting and reporting policies and practices of the City.

## (a) The Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities for which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit.

This report includes the financial statements of the City (the primary government) and its component unit, the Tax Increment Financing (TIF) Commission of the City of Independence, Missouri (the Commission). The Commission is considered to be a discretely presented component unit and is presented in a separate column on the government-wide financial statements to emphasize that it is a separate entity from the City.

The Commission is governed by an 11-member board, of which six members are appointed by the City Council. The remaining five members (two from the county, two from the local school district and one from other taxing jurisdictions) are appointed by the respective taxing districts' boards. Financial transactions of the Commission are processed by the Finance Department of the City on the Commission's behalf. No separate financial statements are issued by the Commission.

## (b) Basis of Presentation

Government-wide Statements. The statement of net assets and the statement of activities display information about the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations of internal charges and interfund balances have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

Notes to Financial Statements

June 30, 2007

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or functions and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street Improvements Fund – This fund is used to account for major street improvement construction projects.

The City reports the following major enterprise funds:

*Power and Light Fund* – This fund accounts for the acquisition, operation, and maintenance of the City's power and light utility facilities and services.

*Water Fund* – This fund accounts for the acquisition, operation, and maintenance of the City's water utility facilities and services.

Sanitary Sewer Fund – This fund accounts for the acquisition, operation, and maintenance of the City's sanitary sewer utility facilities and services.

The City reports the following fund types of nonmajor funds:

**Special Revenue Funds** – These funds account for specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

*Capital Projects Funds* – These funds account for the expenditures and relating financing sources of major City projects.

Notes to Financial Statements

June 30, 2007

**Debt Service Funds** – These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Permanent Funds** – These funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

*Internal Service Funds* – These funds account for the costs of fleet maintenance, the Staywell healthcare program, Pharmacy Benefit plan, and other benefits provided to other departments on a cost-reimbursement basis.

*Trust Funds* – These funds account for monies held in trust by the City for preservation and maintenance of the Vaile Mansion.

Agency Funds – These funds account for monies held on behalf of the Flexible Benefits Plan for contributions made by employees to the City's cafeteria plan, monies held for the Susie Paxton Block Distinguished Public Service Award, and monies held for the Seniors Travel Program.

#### (c) Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues related to exchange transactions are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental activities, business-type activities and all enterprise funds of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins unless those pronouncements conflict with GASB pronouncements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual under this definition. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are

#### Notes to Financial Statements

#### June 30, 2007

reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease are reported as other financing sources.

Agency Funds. Agency funds only have Assets and Liability accounts and the accrual basis of accounting is used to recognize receivables and payables within these accounts. Agency funds do no have operating accounts such as Revenues and Expenses so therefore a measurement focus does not apply to these funds.

Under the terms of grant agreements, the City funds programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

### (d) Accounts Receivable

Accounts receivable result primarily from sales of electricity, water and sewer services accounted for in the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the fiscal year.

#### (e) Investments

Investments with original maturities of less than one year are reported at amortized cost, which approximates fair value. Investments with original maturities of greater than one year are recorded at fair value.

## (f) Inventory

Inventory of the enterprise funds consists of the coal supply and electric, water and sanitary sewer utility materials and is valued at average cost. Inventory of the Internal Service Fund consists of vehicle and equipment parts and materials and is valued at the lower of cost or market. The City determines the cost of its inventories using a first in, first out (FIFO) cost-flow assumption.

## (g) Prepaid Items

Certain payments to vendors reflecting costs applicable to future accounting periods have been recorded as prepaid items in both the government-wide and fund financial statements.

## (h) Interfund Activity

The City has the following types of interfund activity:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

#### Notes to Financial Statements

June 30, 2007

**Reimbursements** – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

#### (i) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are stated at cost or estimated historical cost. For property acquired from another utility, the difference between the net cost of plant assets recorded by the selling entity and the purchase price is recorded as an acquisition adjustment. Contributions of capital assets received from federal, state, or local sources are recorded as assets and contributed capital at fair value at the time of receipt. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation has been provided over the estimated useful lives using the composite and straight-line methods. Depreciation on utility vehicles and heavy equipment is charged to clearing accounts and redistributed to various operating, construction, and other accounts. The estimated useful lives are as follows:

|                                    | <u>rears</u> |
|------------------------------------|--------------|
| Governmental activities:           |              |
| Buildings and improvements         | 20-40        |
| Improvements other than buildings  | 20           |
| Roads                              | 20           |
| Bridges                            | 40           |
| Drainage systems                   | 35           |
| Office equipment and furniture     | 7            |
| Mobile equipment – vehicles        | 5            |
| Mobile equipment – heavy equipment | 10           |
| Fire trucks                        | 15           |
| Other equipment                    | 10           |
| Computer equipment                 | 5            |
|                                    |              |

Voor

#### Notes to Financial Statements

### June 30, 2007

|                                      | Years  |
|--------------------------------------|--------|
| Business-type activities:            |        |
| Power and Light Fund:                |        |
| Production plant                     | 25-45  |
|                                      | 28-40  |
| Transmission plant                   | 25-40  |
| Distribution plant                   | 7      |
| Transportation equipment             | -      |
| General plant                        | 19-40  |
| Water Fund:                          |        |
| Source of supply                     | 15-50  |
| Pumping                              | 20-50  |
| Water treatment                      | 40-50  |
| Transmission and distribution system | 20-100 |
| General plant                        | 5-50   |
| Acquisition adjustment               | 30     |
| Nonutility property                  | 10     |
| Nonumery property                    | 10     |
|                                      |        |
| Sanitary Sewer Fund:                 | 5.05   |
| Equipment                            | 5-25   |
| Sewer system                         | 40-100 |
| Plant                                | 25     |
|                                      |        |

Fully depreciated capital assets are included in the capital assets accounts until their disposal. For business-type activities, units retired plus the cost of removal, less salvage, are charged against accumulated depreciation, with no gain or loss recognized.

Property, plant, and equipment financed by capital leases are reflected as assets and corresponding liabilities, and the related depreciation expense is provided on the same basis as assets financed with other resources. General capital assets financed by capital leases are reported as expenditures and other financing sources in the governmental funds.

#### (j) Bond Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Notes to Financial Statements

June 30, 2007

#### (k) Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation based upon length of service. Sick leave is granted at the rate of eight hours per month. Sick leave may be accumulated without limitation. Upon termination, compensation for accrued sick leave is paid up to the equivalent of six months' regular earnings at the employee's current rate of pay and compensation for vacation is paid up to a maximum of 400 hours.

The liability for compensated absences reported in the government-wide and proprietary fund statements has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### (1) Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balances represent tentative City plans that are subject to change. Detailed information on the City's reservations and designations of fund balance may be found at Note 14 in the financial statements.

#### (m) Permanent Fund

The City receives from time to time endowments from outside donors. The nature of these endowments is that the principal of the gift is to remain intact and the interest is to be spent on certain activities of the City. These donations are accounted for in the Permanent Fund. During the year ended June 30, 2007, the Permanent Fund had \$9,670 net appreciation on assets available for expenditure which is reported as unreserved fund balance. The State of Missouri requires that recipients of endowment gift maintain the original principal intact at the original donation value. During the year ended June 30, 2007 the principal balance of the Permanent Fund was transferred to a non-expendable endowment held and administered by the Truman Heartland Community Foundation.

#### (n) Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

*Invested in Capital Assets, Net of Related Debt* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted* – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

#### Notes to Financial Statements

June 30, 2007

#### (o) Statement of Cash Flows

For purposes of the statement of cash flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the City, are considered cash equivalents.

### (p) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (q) Reclassifications of Account Balances

Certain line items have been reclassified to conform to the presentation of the financial statements in the current year. These reclassifications had no net effect on the City's net assets or changes there in for the current year.

#### (r) New Accounting Pronouncements

In July 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes accounting and financial reporting standards for employers that participate in a defined benefit "other postemployement benefit" (OPEB) plan. Specifically, the City will be required to measure and disclose an amount for annual OPEB cost on the accrual basis for health and insurance benefits that will be provided to retired City employees in future years. The City also is required to record a net OPEB obligation which is defined as the cumulative difference between annual OPEB cost and the employer's contributions to a plan, including the OPEB liability or asset at transition, if any. The City is currently evaluating the impact of adopting Statement No. 45, but cannot determine the impact that this standard will have on the financial statements when adopted. The City will implement Statement No. 45 beginning with the year ended June 30, 2008.

#### Notes to Financial Statements

June 30, 2007

#### (2) Deposits and Investments

At June 30, 2007, the carrying values of deposits and investments are summarized as follows:

| Investments:<br>Short-term investments held in trust<br>U.S. government securities<br>U.S. agency securities | \$ 75,437,001<br>26,652<br>60,596,797 |
|--|---------------------------------------|
| Total investments  | 136,060,450                           |
| Deposits and repurchase obligations<br>Petty cash  | 16,346,356<br>12,095                  |
| Total  | \$ 152,418,901                        |

Deposits and investments of the City are reflected in the government-wide financial statements as follows:

|  | Government-wide<br>statement<br>of net assets |                                | Fiduciary<br>funds<br>statement<br>of net assets |         |    | Primary<br>Government<br>Total | (  | Component<br>Unit       | Grand<br>Total              |  |
|--|---|--------------------------------|--|---------|----|--------------------------------|----|-------------------------|-----------------------------|--|
| Pooled cash and investments<br>Restricted cash and investments | \$  | 70,344,783<br><u>6,100,042</u> | \$   | 146,056 | \$ | 70,490,839<br>6,100,042        | \$ | 3,935,087<br>71,892,933 | \$ 74,425,926<br>77,992,975 |  |
|  | \$  | 76,444,825                     | \$   | 146,056 | \$ | 76,590,881                     | \$ | 75,828,020              | \$152,418,901               |  |

#### Investment Policy

Missouri state statutes authorize the City, with certain restrictions, to deposit or invest in open accounts, time deposits, U.S. Treasury notes, and certificates of deposit. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by state statutes and approved by the State of Missouri.

The City maintains a cash and investment pool, which is available for use by most funds. Substantially all excess cash is invested in U.S. Treasury securities and money market funds. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Only enterprise funds with overdrawn balances are charged for interest. Cash and investments are held separately by some of the City's funds. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

#### Notes to Financial Statements

## June 30, 2007

#### Credit Risk

The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to limit its investments to Certificates of Deposit and Bonds or other obligations of the United States. Presented below is the actual rating by Moody's Investor Service as of year end for each investment type:

|  |         | <i>.</i>   | Rating              |
|--|---------|------------|---------------------|
| Investment Type                        |         | Fair Value | As of June 30, 2007 |
| Federal Home Loan Mortgage Corporation | \$      | 21,754,433 | AAA                 |
| Federal National Mortgage Association  |         | 24,192,695 | AAA                 |
| Federal Home Loan Bank                 |         | 14,983,149 | AAA                 |
|  |         |            | Exempt from         |
| U.S. Treasury Bond                     | <b></b> | 26,652_    | rating requirement  |
| Total                                  | \$      | 60,956,929 |                     |

#### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize the demand deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name.

At June 30, 2007, the City's deposits and repurchase obligations were insured by Federal depository insurance and uninsured deposits and repurchase obligations were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name. Accordingly, management has determined that none of the City's deposits or investments was exposed to custodial credit risk as of June 30, 2007.

#### Interest Rate Risk

The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2007, all of the City's securities had maturities of less than one year with the exception of a U.S. treasury bond with a fair value of \$26,652 that will mature in 2027.

#### Notes to Financial Statements

June 30, 2007

#### Concentration of Credit Risk

The City's investment policy does not specify maximum or minimum investment concentrations by investment type. As of June 30, 2007, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total City's investments:

| Issuer               | Investment Type        | Total Fair Value | Percentage |
|----------------------|------------------------|------------------|------------|
| Fed. Home Loan Mtg.  | U.S. agency securities | \$ 21,754,433    | 36%        |
| Fed. Natl. Mtg.      | U.S. agency securities | 24,192,695       | 40%        |
| Fed. Home Loan Banks | U.S. agency securities | 14,983,149       | 25%        |

#### (3) Tax Revenue

Tax revenue, including interest and penalties, by fund type for the year ended June 30, 2007 is as follows:

|                        | <br>General      |      | onmajor<br>ernmental<br>funds |
|------------------------|------------------|------|-------------------------------|
| Real estate tax        | \$<br>6,890,826  | \$   | 22,051                        |
| Railroad utilities tax | 39,502           |      | -                             |
| Cigarette tax          | 567,039          |      | -                             |
| Transient guest tax    | -                |      | 1,020,663                     |
| Sales tax              | 16,554,334       | 1    | 19,586,764                    |
| Franchise tax          | <br>8,209,734    |      |                               |
|                        | \$<br>32,261,435 | \$ 2 | 20,629,478                    |

The City's real estate tax is levied each November 1 on the assessed value as of the prior January 1 for all real property located in the City. Real estate taxes are due on December 31 following the levy date. On January 1, a lien attaches to all property for which taxes are unpaid. Jackson County bills and collects all real estate taxes for the City and charges a 1.5% to 1.6% commission on all taxes collected.

Assessed values are established by the Clay and Jackson County assessors, subject to review by the Jackson County Board of Equalization and State Tax Commission. The assessed value for real property, including railroad and utility properties, located in the City as of January 1, 2006, on which the fiscal 2007 levy was based, was \$1,319,902,510.

The City is permitted by Missouri state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than payment of principal and interest on long-term debt, up to \$0.40 per \$100 of assessed valuation for public health and recreation, and in unlimited amounts for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended June 30, 2007 were \$0.4507 for the General Fund, \$0.2122 for Public Health and Recreation, and \$0.4422 for the Independence Square Benefit District Fund.

## Notes to Financial Statements

June 30, 2007

## (4) Intergovernmental Revenue and Receivables

.

.

.

Intergovernmental revenue during fiscal year 2007 consisted of the following:

|  | _              | General<br>Fund |    | Street<br>Improvement<br>Fund |    | Nonmajor<br>Governmental<br>Funds |     | Total      |
|--|----------------|-----------------|----|-------------------------------|----|-----------------------------------|-----|------------|
| Federal  | -              |                 |    |                               | -  |                                   |     |            |
| Department of Agriculture                      | \$             | -               | \$ | -                             | \$ | 350                               | \$  | 350        |
| Department of Housing & Urban Development      |                |                 |    |                               |    |                                   |     |            |
| Community Development Block Grant              |                | -               |    | -                             |    | 1,122,874                         |     | 1,122,874  |
| Emergency Shelter Grant                        |                | -               |    | -                             |    | 69,821                            |     | 69,821     |
| Home Investment Partnership                    |                | -               |    | -                             |    | 790,433                           |     | 790,433    |
| Department of Justice                          |                | -               |    | -                             |    | 575,736                           |     | 575,736    |
| Department of Transportation                   |                | 25,393          |    | 3,257,658                     |    | 279,531                           |     | 3,562,582  |
| US Secret Service                              |                | •               |    |                               |    | 9,595                             |     | 9,595      |
| Environmental Protection Agency                |                | -               |    | -                             |    | 32,083                            |     | 32,083     |
| Department of Health & Human Services          |                | 25,850          |    | -                             |    | 380,844                           |     | 406,694    |
| Department of Homeland Security                |                | -               |    | -                             |    | 1,853,012                         |     | 1,853,012  |
| Total Federal                                  | -              | 51,243          |    | 3,257,658                     | •  | 5,114,279                         |     | 8,423,180  |
|  | _              |                 |    |                               |    |                                   |     |            |
| State & Local                                  |                |                 |    |                               |    |                                   |     |            |
| Department of Health & Human Services          |                | -               |    | -                             |    | 114,065                           |     | 114,065    |
| Department of Revenue                          |                |                 |    |                               |    |                                   |     |            |
| Motor Vehicle Fuel Tax                         |                | 3,268,531       |    | -                             |    | -                                 |     | 3,268,531  |
| Motor Vehicle Sales Tax                        |                | 877,793         |    | -                             |    | -                                 |     | 877,793    |
| Motor Vehicle Fees                             |                | 768,240         |    | -                             |    | -                                 |     | 768,240    |
| Financial Institutions Tax                     |                | 34,802          |    | -                             |    | -                                 |     | 34,802     |
| Division of Tourism                            |                | -               |    | -                             |    | 169,122                           |     | 169,122    |
| Department of Public Safety                    |                | -               |    | -                             |    | 26,511                            |     | 26,511     |
| Missouri Highway and Transportation Commission |                | -               |    | -                             |    | 3,631                             |     | 3,631      |
| Missouri State Safety Center                   |                | -               |    | -                             |    | 10,988                            |     | 10,988     |
| Department of Natural Resources                |                | -               |    | -                             |    | 324,684                           |     | 324,684    |
| Department of Transportation                   |                | -               |    | 184,730                       |    | -                                 |     | 184,730    |
| Jackson County Anti Drug Tax                   |                | 300,120         |    | -                             |    | -                                 |     | 300,120    |
| Jackson County DARE                            |                | 353,273         |    | -                             |    | -                                 |     | 353,273    |
| Jackson County Urban Road System               |                | -               |    | 1,631,735                     |    | -                                 |     | 1,631,735  |
| Mid America Regional council                   |                | -               |    | -                             |    | 700                               |     | 700        |
| Healthcare Foundation of Greater Kansas City   |                | -               |    |                               |    | 42,328                            |     | 42,328     |
| Total State & Local                            | -              | 5,602,759       | -  | 1,816,465                     |    | 692,029                           | • - | 8,111,253  |
| Grand Total                                    | s <sup>–</sup> | 5,654,002       | \$ | 5,074,123                     | \$ | 5,806,308                         | 5   | 16,534,433 |

## Notes to Financial Statements

## June 30, 2007

Amounts due from other governments at June 30, 2007 are as follows:

|   | _  | Federal   | State   | Local     | Total     |
|---|----|-----------|---------|-----------|-----------|
| General Fund:                               | ÷  | 00.550    | - \$    | - \$      | 29,559    |
| Department of Health & Human Services       | \$ | 29,559 \$ | - ⊅     | - 4       | 23,003    |
| Department of Revenue                       |    |           |         |           |           |
| Motor Vehicle Fuel Tax                      |    | -         | 555,000 | -         | 555,000   |
| Motor Vehicle Sales Tax                     |    | -         | 75,000  | -         | 75,000    |
| Motor Vehicle License Fees                  |    | -         | 176,000 | -         | 176,000   |
| 39th St Transportation Development District |    | -         | -       | 2,607     | 2,607     |
|   | -  | 29,559    | 806,000 | 2,607     | 838,166   |
| Street Improvements Fund:                   |    |           |         |           |           |
| Department of Transportation                |    | 1,541,264 | 184,730 | -         | 1,725,994 |
| Jackson County Urban Road System            |    | -         | -       | 1,100,164 | 1,100,164 |
|   | -  | 4.544.064 | 184,730 | 1,100,164 | 2,826,158 |
|   | -  | 1,541,264 | 184,730 | 1,100,104 | 2,020,100 |
| Nonmajor Governmental Funds:                |    |           |         |           |           |
| Department of Agriculture                   |    | 350       | -       | -         | 350       |
| Department of Justice                       |    | 208,695   | -       | -         | 208,695   |
| Department of Transportation                |    | 103,688   | 15,134  | -         | 118,823   |
| US Secret Service                           |    | 2,053     | -       | -         | 2,053     |
| Environmental Protection Agency             |    | 33,063    | -       | -         | 33,063    |
| Department of Health & Human Services       |    | 38,682    | -       | -         | 38,682    |
| Department of Homeland Security             |    | 24,772    | -       | -         | 24,772    |
| Department of Housing & Urban Development   |    |           |         |           |           |
| Community Development Block Grant           |    | 182,215   | -       | -         | 182,215   |
| Home Investment Partnership                 |    | 205,404   | -       | -         | 205,404   |
| Missouri Division of Tourism                |    | -         | 119,863 | -         | 119,863   |
|   | -  | 798,922_  | 134,997 |           | 933,920   |

| Totals | \$ | 2,369,745 | \$ | 1,125,727 | \$ | 1,102,771 |  |
|--------|----|-----------|----|-----------|----|-----------|--|
|--------|----|-----------|----|-----------|----|-----------|--|

•

#### Notes to Financial Statements

June 30, 2007

## (5) Interfund Activity

## (a) Interfund Balances

Interfund balances at June 30, 2007 consisted of the following:

|                                | Due from<br>Street<br>Improvements | Due from<br>nonmajor<br>governmental |           | Total<br>Governmental<br>Activities |           |     | Due from<br>internal<br>service fund |    | Total     |
|--------------------------------|------------------------------------|--------------------------------------|-----------|-------------------------------------|-----------|-----|--------------------------------------|----|-----------|
| Due to:                        |                                    |                                      |           |                                     |           |     |                                      |    |           |
| Governmental activities:       |                                    |                                      |           |                                     |           |     |                                      |    |           |
| General Fund                   | 2,000,000                          | \$                                   | 1,656,049 | \$                                  | 3,656,049 | \$  | 75,000                               | \$ | 3,731,049 |
| Nonmajor governmental          | 1,422,379                          |                                      | 16,156    |                                     | 1,438,535 | · _ |                                      |    | 1,438,535 |
| Total governmental activities  | 3,422,379                          | <u> </u>                             | 1,672,205 |                                     | 5,094,584 | · _ | 75,000                               |    | 5,169,584 |
| Business-type activities:      |                                    |                                      |           |                                     |           |     |                                      |    |           |
| Power and Light Fund           |                                    |                                      | 9,983     |                                     | 9,983     |     |                                      |    | 9,983     |
| Water Fund                     | _                                  |                                      | 6,008     |                                     | 6,008     |     | —                                    |    | 6,008     |
| Sanitary Sewer Fund            | <u></u>                            |                                      | 3,983     |                                     | 3,983     | · - |                                      |    | 3,983     |
| Total business-type activities |                                    |                                      | 19,974    |                                     | 19,974    | • - |                                      |    | 19,974    |
| Total                          | \$ 3,422,379                       | \$                                   | 1,692,179 | \$                                  | 5,114,558 | : = | \$ 75,000                            | \$ | 5,189,558 |

Interfund payables and receivables represent loans between funds for operating purposes.

## (b) Interfund Charges for Support Services

Interfund charges for support services and rent paid to the General Fund during fiscal year 2007 were as follows:

|                             | nterfund<br>charges | <br>Rent      |  |  |  |
|-----------------------------|---------------------|---------------|--|--|--|
| Nonmajor governmental funds | \$<br>35,000        | \$<br>12,862  |  |  |  |
| Power and Light Fund        | 1,680,563           | 49,682        |  |  |  |
| Sanitary Sewer Fund         | 508,673             | 12,195        |  |  |  |
| Water Fund                  | <br>881,278         | <br>26,540    |  |  |  |
|                             | \$<br>3,105,514     | \$<br>101,279 |  |  |  |

Rent charges, which consist of leased office space, are included in other revenue of the General Fund.

#### Notes to Financial Statements

June 30, 2007

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2007 as follows:

| Sanitary Sewer Fund<br>Power and Light Fund | \$<br>224,474<br>1,077,472 |
|---|----------------------------|
|   | \$<br>1,301,946            |

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2007 as follows:

| Sanitary Sewer Fund<br>Water Fund | \$<br>120,564<br>675,132 |
|-----------------------------------|--------------------------|
|                                   | \$<br>795,696            |

### (c) Payments in Lieu of Taxes

The payments in lieu of taxes of \$9,950,729, \$1,651,501 and \$1,437,233 in fiscal year 2007 by the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively, to the General Fund approximate franchise taxes and real estate taxes on plant in service. The franchise tax rate, established by City ordinance at 9.08%, is applied to gross billed operating revenues less amounts written off to arrive at the franchise tax due the General Fund. Real estate taxes are charged at a set amount.

### (d) Interfund Transfers

Interfund transfers for the year ended June 30, 2007 consisted of the following:

|                          | -  | Transfer from |    |                    |    |                   |    |        |    |                          |    |                     |
|--------------------------|----|---------------|----|--------------------|----|-------------------|----|--------|----|--------------------------|----|---------------------|
|                          |    | General       |    | Power and<br>Light |    | Sanitary<br>Sewer |    | Water  |    | Nonmajor<br>Governmental |    | Total               |
| Transfers to:            | -  |               |    | ·                  |    |                   | -  |        |    |                          | -  | - 1. W <sup>1</sup> |
| Street Improvements      | \$ | 145           | \$ | -                  | \$ | -                 | \$ | -      | \$ | 1,371,616                | \$ | 1,371,761           |
| Sanitary Sewer Fund      |    | 105,357       |    | -                  |    | •                 |    | -      |    | •                        | -  | 105,357             |
| Nonmajor governmental    |    | 19,785        |    | 81,983             |    | 81,983            |    | 81,983 |    | 464,804                  |    | 730,538             |
| Total Primary Government | \$ | 125,287       | 5  | 81,983             | \$ | 81,983            | \$ | 81,983 | \$ | 1,836,420                | \$ | 2,207,656           |

(1) Transfers are the result of payment for capital project expenditures.

7

(2) Transfers between the General Fund, Power and Light Fund, Sanitary Sewer Fund, Water Fund, represent matching funds required by a federal grant.

### Notes to Financial Statements

June 30, 2007

## (6) Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

|                                    | Balance<br>June 30, 2006 | Additions     | Retirements     | Balance<br>June 30, 2007 |
|------------------------------------|--------------------------|---------------|-----------------|--------------------------|
| Governmental activities:           |                          |               |                 |                          |
| Nondepreciable capital assets:     |                          |               |                 |                          |
| Land                               | \$ 18,684,739            | \$ 964,962    | \$ (687,678)    | \$ 18,962,023            |
| Construction work in progress      | 53,254,476               | 39,651,258    | (34,347,045)    | 58,558,689               |
| Total nondepreciable               |                          |               |                 |                          |
| capital assets                     | 71,939,215               | 40,616,220    | (35,034,723)    | 77,520,712               |
| Depreciable capital assets:        |                          |               |                 |                          |
| Land improvements                  | 255,647                  | -             | -               | 255,647                  |
| Buildings                          | 13,071,535               | 872,628       | -               | 13,944,163               |
| Building improvements              | 9,458,530                | 2,712,893     | -               | 12,171,423               |
| Improvements other than buildings  | 14,665,388               | 13,853,174    | -               | 28,518,562               |
| Office furniture and equipment     | 879,553                  | 45,787        | (93,459)        | 831,881                  |
| Computer equipment                 | 930,231                  | 537,112       | (16,268)        | 1,451,075                |
| Mobile equipment                   | 17,678,845               | 2,538,149     | (621,898)       | 19,595,096               |
| Other equipment                    | 3,072,551                | 1,018,541     | (26,379)        | 4,064,713                |
| Infrastructure                     | 173,169,758              | 18,962,690    |                 | 192,132,448              |
| Total depreciable                  |                          |               |                 |                          |
| capital assets                     | 233,182,038              | 40,540,974    | (758,004)       | 272,965,008              |
| Less accumulated depreciation for: |                          |               |                 |                          |
| Land improvements                  | (46,445)                 | (20,695)      | -               | (67,140)                 |
| Buildings                          | (6,078,242)              | (361,037)     | -               | (6,439,279)              |
| Building improvements              | (1,591,016)              | (524,197)     | -               | (2,115,213)              |
| Improvements other than buildings  | (1,116,919)              | (1,127,835)   | -               | (2,244,754)              |
| Office furniture and equipment     | (857,818)                | (12,350)      | 93,459          | (776,709)                |
| Computer equipment                 | (517,037)                | (172,121)     | 16,268          | (672,890)                |
| Mobile equipment                   | (10,593,494)             | (1,603,163)   | 590,832         | (11,605,825)             |
| Other equipment                    | (1,760,157)              | (322,491)     | 26,379          | (2,056,269)              |
| Infrastructure                     | (98,275,358)             | (5,474,501)   |                 | (103,749,859)            |
| Total accumulated                  |                          |               |                 |                          |
| depreciation                       | (120,836,486)            | (9,618,390)   | 726,938         | (129,727,938)            |
| Total depreciable                  |                          |               |                 |                          |
| capital assets, net                | 112,345,552              | 30,922,584    | (31,066)        | 143,237,070              |
| Governmental activities            |                          |               |                 |                          |
| capital assets, net                | \$ 184,284,767           | \$ 71,538,804 | \$ (35,065,789) | <u>\$ 220,757,782</u>    |

.

.

## Notes to Financial Statements

## June 30, 2007

Depreciation expense was charged to functions as follows:

.

| General government   | \$<br>279,475   |
|--|-----------------|
| Public safety  | 1,880,920       |
| Public works   | 5,356,866       |
| Health and welfare   | 57,854          |
| Culture and recreation   | 1,327,748       |
| Community development  | 68,360          |
| Storm water  | <br>646,617     |
| Total  | 9,617,840       |
| In addition, depreciation on capital assets held by the City's |                 |
| Central Garage Fund is charged to the various functions        |                 |
| based on their usage of the assets                             | <br>550         |
| Total depreciation expense                                     | \$<br>9,618,390 |

ŧ

## Notes to Financial Statements

## June 30, 2007

|                                | Balance<br>June 30, 2006 | Additions    | Retirements  | Balance<br>June 30, 2007 |
|--------------------------------|--------------------------|--------------|--------------|--------------------------|
| Business-type activities:      |                          |              |              |                          |
| Power and Light Fund:          |                          |              |              |                          |
| Nondepreciable capital assets: |                          |              |              |                          |
| Land                           | \$ 2,948,206             | \$-          | \$-          | \$ 2,948,206             |
| Construction in progress       | 12,364,881               | 28,020,933   | (16,055,481) | 24,330,333               |
| Total nondepreciable           |                          |              |              |                          |
| capital assets                 | 15,313,087               | 28,020,933   | (16,055,481) | 27,278,539               |
| Depreciable capital assets:    |                          |              |              |                          |
| Acquisition adjustment         | 2,755,568                | -            | -            | 2,755,568                |
| Production plant               | 144,971,891              | 333,072      | -            | 145,304,963              |
| Transmission plant             | 21,862,715               | 703,488      | (6,585)      | 22,559,618               |
| Distribution plant             | 101,144,438              | 7,689,274    | (766,880)    | 108,066,832              |
| General plant                  | 17,071,470               | 944,153      | (165,525)    | 17,850,098               |
| Total depreciable              |                          |              |              |                          |
| capital assets                 | 287,806,082              | 9,669,987    | (938,990)    | 296,537,079              |
| Less accumulated depreciation: |                          |              |              |                          |
| Acquisition adjustment         | (2,755,568)              | -            | -            | (2,755,568)              |
| Production plant               | (97,666,854)             | (4,933,777)  | -            | (102,600,631)            |
| Transmission plant             | (11,179,962)             | (608,825)    | 10,394       | (11,778,393)             |
| Distribution plant             | (36,104,008)             | (3,363,202)  | 1,599,713    | (37,867,497)             |
| General plant                  | (13,008,644)             | (1,117,756)  | 165,525      | (13,960,875)             |
| Total accumulated              |                          |              |              |                          |
| depreciation                   | (160,715,036)            | (10,023,560) | 1,775,632    | (168,962,964)            |
| Total depreciable capital      |                          |              |              |                          |
| assets, net                    | 127,091,046              | (353,573)    | 836,642      | 127,574,115              |
| Total power and light          |                          |              |              |                          |
| capital assets                 | 142,404,133              | 27,667,360   | (15,218,839) | 154,852,654              |

### Notes to Financial Statements

June 30, 2007

|                                | Balance<br>June 30, 2006 |             | Retirements | Balance<br>June 30, 2007 |
|--------------------------------|--------------------------|-------------|-------------|--------------------------|
| Water Fund:                    |                          |             |             |                          |
| Nondepreciable capital assets: |                          |             |             |                          |
| Land                           | \$ 2,164,725             | \$ -        | \$-         | \$ 2,164,725             |
| Construction in progress       | 1,375,253                | 4,455,421   | (3,715,519) | 2,115,155                |
| Total nondepreciable           |                          |             |             |                          |
| capital assets                 | 3,539,978                | 4,455,421   | (3,715,519) | 4,279,880                |
| Depreciable capital assets:    |                          |             |             |                          |
| Acquisition adjustment         | 12,547,766               | -           | -           | 12,547,766               |
| Nonutility property            | 40,014                   | -           | -           | 40,014                   |
| Source of supply               | 7,129,326                | -           | -           | 7,129,326                |
| Pumping plant                  | 15,537,565               | 114,646     | (1,261,394) | 14,390,817               |
| Treatment plant                | 22,235,528               | 237,870     | (216,850)   | 22,256,548               |
| Transmission plant             | 60,273,452               | 3,824,759   | (369,402)   | 63,728,809               |
| General plant                  | 5,806,686                | 466,809     | (302,712)   | 5,970,783                |
| Total depreciable              |                          |             |             |                          |
| capital assets                 | 123,570,337              | 4,644,084   | (2,150,358) | 126,064,063              |
| Less accumulated depreciation: |                          |             |             |                          |
| Acquisition adjustment         | (8,923,191)              | (371,752)   | -           | (9,294,943)              |
| Nonutility property            | (14,000)                 | -           | -           | (14,000)                 |
| Source of supply               | (3,948,280)              | (391,581)   | -           | (4,339,861)              |
| Pumping plant                  | (1,507,701)              | (286,994)   | 1,261,394   | (533,301)                |
| Treatment plant                | (4,384,894)              | (456,595)   | 216,848     | (4,624,641)              |
| Transmission plant             | (6,936,324)              | (726,592)   | 391,985     | (7,270,931)              |
| General plant                  | (2,648,282)              | (339,272)   | 317,865     | (2,669,689)              |
| Total accumulated              |                          |             |             |                          |
| depreciation                   | (28,362,672)             | (2,572,786) | 2,188,092   | (28,747,366)             |
| Total depreciable capital      |                          |             |             |                          |
| assets, net                    | 95,207,665               | 2,071,298   | 37,734      | 97,316,697               |
| Total water capital assets     | 98,747,643               | 6,526,719   | (3,677,785) | 101,596,577              |

### Notes to Financial Statements

June 30, 2007

|                                | Balance<br>June 30, 2006 | Additions     | Retirements    | Balance<br>June 30, 2007 |
|--------------------------------|--------------------------|---------------|----------------|--------------------------|
| Sanitary Sewer Fund:           |                          |               |                |                          |
| Nondepreciable capital assets: |                          |               |                |                          |
| Land                           | \$ 330,191               | \$-           | \$-            | \$ 330,191               |
| Construction in progress       | 10,263,871               | 3,192,554     | (10,264,372)   | 3,192,053                |
| Total nondepreciable           |                          |               |                |                          |
| capital assets                 | 10,594,062               | 3,192,554     | (10,264,372)   | 3,522,244                |
| Depreciable capital assets:    |                          |               |                |                          |
| Nonutility property            | 46,368                   | -             | -              | 46,368                   |
| Collection plant               | 72,455,927               | 10,156,272    | (920)          | 82,611,279               |
| Pumping plant                  | 4,951,402                | 82,104        | -              | 5,033,506                |
| Treatment plant                | 14,009,977               | 1,223,630     | (23,308)       | 15,210,299               |
| General plant                  | 3,990,054                | 230,187       | (172,750)      | 4,047,491                |
| Total depreciable              |                          |               |                |                          |
| capital assets                 | 95,453,728               | 11,692,193    | (196,978)      | 106,948,943              |
| Less accumulated depreciation: |                          |               |                |                          |
| Nonutility property            | (46,368)                 | -             | -              | (46,368)                 |
| Collection plant               | (19,386,393)             | (914,596)     | 920            | (20,300,069)             |
| Pumping plant                  | (5,170,305)              | (220,673)     | -              | (5,390,978)              |
| Treatment plant                | (14,034,532)             | (875,751)     | 23,308         | (14,886,975)             |
| General plant                  | (4,338,174)              | (310,123)     | 125,177        | (4,523,120)              |
| Total accumulated              |                          |               |                |                          |
| depreciation                   | (42,975,772)             | (2,321,143)   | 149,405        | (45,147,510)             |
| Total depreciable capital      |                          |               |                | -                        |
| assets, net                    | 52,477,956               | 9,371,050     | (47,573)       | 61,801,433               |
| Total sewer capital assets     | 63,072,018               | 12,563,604    | (10,311,945)   | 65,323,677               |
| Total business-type activities |                          |               |                |                          |
| capital assets                 | \$ 304,223,794           | \$ 46,757,683 | \$(29,208,569) | \$ 321,772,908           |

Depreciation expense was charged to functions as follows:

| Business-type activities:                           |    |            |
|---|----|------------|
| Power and light                                     | \$ | 9,429,199  |
| Water   |    | 2,388,295  |
| Sanitary sewer                                      | _  | 2,321,143  |
| Total business-type activities depreciation expense | \$ | 14,138,637 |

Depreciation charged to Power and Light and Water funds are different because certain depreciation related to utility vehicles and heavy equipment are charged to clearing accounts and redistributed to various operating, construction, and other capital accounts.

#### Notes to Financial Statements

June 30, 2007

#### (7) Long-Term Obligations

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "city purposes," not to exceed 10% of the assessed value of taxable tangible property. The State Constitution also permits a city, by vote of two-thirds of the voting electorate under a special election or four-sevenths under a general election, to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric, or other light and plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property.

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2007:

|                           | Beginning<br>balance |        | Additions Reduct |            | eductions | Ending<br>balance | <br>mount due<br>within<br>one year |                 |
|---------------------------|----------------------|--------|------------------|------------|-----------|-------------------|-------------------------------------|-----------------|
| Governmental activities:  |                      |        |                  |            |           |                   | <br>                                | <br>            |
| Loans and notes payable:  |                      |        |                  |            |           |                   |                                     |                 |
| Loans payable             | \$ 18,42             | 24,489 | \$               | 8,255,000  | \$        | 3,028,378         | \$<br>23,651,111                    | \$<br>3,156,625 |
| Capital lease obligations | 7:                   | 37,370 |                  | 144,129    |           | 169,016           | 712,483                             | 136,600         |
| Neighborhood Improvement  |                      |        |                  |            |           |                   |                                     |                 |
| District                  | 98                   | 33,000 |                  | -          |           | 59,000            | 924,000                             | 59,000          |
| Premium (discount), net   | 10                   | 54,578 |                  | 78,680     |           | 24,741            | 218,517                             | -               |
| Total loans and           |                      |        |                  |            |           |                   |                                     |                 |
| notes payable             | 20,30                | 9,437  |                  | 8,477,809  |           | 3,281,135         | 25,506,111                          | 3,352,225       |
| Other liabilities:        |                      |        |                  |            |           |                   | <br>                                |                 |
| Compensated absences      | 12,49                | 96,408 | <u> </u>         | 5,494,619  |           | 4,744,112         | <br>13,246,915                      | <br>5,051,415   |
|                           | \$ 32,80             | )5,845 | \$               | 13,972,428 | \$        | 8,025,247         | \$<br>38,753,026                    | \$<br>8,403,640 |

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

### Notes to Financial Statements

June 30, 2007

|                                | Beginning<br>balance |  | Additions Reductions |    | <b>Ending</b><br>balance |    | Amount due<br>within<br>one year |    |           |
|--------------------------------|----------------------|--|----------------------|----|--------------------------|----|----------------------------------|----|-----------|
| Business-type activities:      |                      | ······································ | <br>                 |    | <u>_</u>                 |    |                                  |    |           |
| Power and Light Fund:          |                      |  |                      |    |                          |    |                                  |    |           |
| Revenue bonds                  | \$                   | 18,520,000                             | \$<br>-              | \$ | 1,995,000                | \$ | 16,525,000                       | \$ | 2,065,000 |
| Less deferred amount on        |                      |  |                      |    |                          |    |                                  |    |           |
| refunding                      |                      | (1,748,677)                            | -                    |    | (221,715)                |    | (1,526,962)                      |    | -         |
| Total revenue bonds            |                      | 16,771,323                             | <br>-                |    | 1,773,285                |    | 14,998,038                       |    | 2,065,000 |
| Compensated absences           |                      | 4,145,207                              | 1,728,989            |    | 1,727,111                |    | 4,147,085                        |    | 1,136,345 |
| Total Power and Light Fund     |                      | 20,916,530                             | <br>1,728,989        |    | 3,500,396                |    | 19,145,123                       |    | 3,201,345 |
| Water Fund:                    |                      |  | <br>                 |    |                          |    |                                  |    |           |
| Revenue bonds                  |                      | 42,590,000                             | -                    |    | 2,040,000                |    | 40,550,000                       |    | 2,200,000 |
| Compensated absences           |                      | 1,244,653                              | 548,049              |    | 514,465                  |    | 1,278,237                        |    | 381,949   |
| Other long-term obligations    |                      | -                                      | 1,581,868            |    | 195,103                  |    | 1,386,765                        |    | 551,061   |
| Total Water Fund               |                      | 43,834,653                             | <br>2,129,917        |    | 2,749,568                |    | 43,215,002                       |    | 3,133,010 |
| Sanitary Sewer Fund:           | -                    |  |                      |    |                          |    |                                  |    |           |
| Compensated absences           |                      | 767,928                                | 401,125              |    | 313,639                  |    | 855,414                          |    | 266,467   |
| Total Sanitary Sewer Fund      |                      |  |                      |    |                          |    |                                  |    |           |
|                                | _                    | 767,928                                | <br>401,125          |    | 313,639                  |    | 855,414                          |    | 266,467   |
| Total business-type activities | _\$                  | 65,519,111                             | \$<br>4,260,031      | \$ | 6,563,603                |    | 63,215,539                       | \$ | 6,600,822 |

|                                     | Beginning<br>balance | Additions     | Reductions    | Ending<br>balance     | Amount due<br>within<br>one year |  |
|-------------------------------------|----------------------|---------------|---------------|-----------------------|----------------------------------|--|
| Dicretely-presented component unit: |                      |               |               |                       |                                  |  |
| TIF loans                           | \$ 126,985,000       | \$ 65,475,000 | \$ 42,030,000 | \$ 150,430,000        | \$ 3,290,000                     |  |
| Loans payable                       | 280,512              | -             | 66,622        | 213,890               | 68,375                           |  |
| Premium (discount), net             | (1,305,261)          | (400,292)     | 327,116       | (1,378,437)           | -                                |  |
| Deferred amount on refunding        |                      | (934,702)     | 10,421        | (924,281)             |                                  |  |
|                                     | 125,960,251          | 64,140,006    | 42,434,159    | 148,341,172           | 3,358,375                        |  |
| Developer obligations               | 13,262,729           | 6,856,837     | 1,556,651     | 18,562,915            |                                  |  |
|                                     | \$ 139,222,980       | \$ 70,996,843 | \$ 43,990,810 | <u>\$ 166,904,087</u> | \$ 3,358,375                     |  |

(Continued)

1

## Notes to Financial Statements

June 30, 2007

Debt service requirements on long-term debt with schedules maturities at June 30, 2007 are as follows:

|   |            |        |           |    | Geveramen | tal activi | tles     |    |            |    |           |
|---|------------|--------|-----------|----|-----------|------------|----------|----|------------|----|-----------|
|   | Loans p    | synble |           | _  | NID P     | ayable     |          |    | Tot        | al |           |
|   | Principal  |        | Interest  |    | Principal |            | Interest |    | Principal  |    | Interest  |
|   | 3,156,625  | \$     | 1,023,587 | s  | 59,000    | \$         | 1,551    |    | 3,215,625  | S  | 1,025,138 |
|   | 7,064,872  |        | 895,084   |    | 64,000    |            | 1,608    |    | 7,128,872  |    | 896,691   |
|   | 2,834,614  |        | 602,522   |    | 64,000    |            | 1,615    |    | 2,898,614  |    | 604,137   |
|   | 2,755,000  |        | 468,614   |    | 69,000    |            | 1,659    |    | 2,824,000  |    | 470,273   |
|   | 2,870,000  |        | 347,503   |    | 69,000    |            | 1,578    |    | 2,939,000  |    | 349,081   |
|   | 4,970,000  |        | 377,588   |    | 231,000   |            | 5,853    |    | 5,201,000  |    | 383,440   |
|   | -          |        | -         |    | 348,000   |            | 9,216    |    | 348,000    |    | 9,216     |
|   | -          |        | •         |    | 20,000    |            | 588      |    | 20,000     |    | 588       |
| 5 | 23,651,111 | S      | 3,714,897 | \$ | 924,000   | S          | 23,666   | \$ | 24,575,111 | \$ | 3,738,562 |

|           |             | Business-type activities |           |          |            |    |            |          |            |   |            |  |  |  |
|-----------|-------------|--------------------------|-----------|----------|------------|----|------------|----------|------------|---|------------|--|--|--|
|           | Por         | Power and Light          |           |          |            |    | Water      |          |            |   | Total      |  |  |  |
| 2008      | Principal   |                          | Interest  |          | Principal  |    | Interest   |          | Pris cips! |   | Interest   |  |  |  |
|           | \$ 2,065,0  | 2 00                     | 708,218   | 5        | 2,200,000  | \$ | 1,852,685  | s        | 4,265,000  | s | 2,560,903  |  |  |  |
| 2009      | 2,155,0     | 00                       | 628,693   |          | 2,380,000  |    | 1,760,459  |          | 4,535,000  |   | 2,389,151  |  |  |  |
| 2010      | 2,245,0     | 00                       | 541,363   |          | 2,525,000  |    | 1,660,033  |          | 4,770,000  |   | 2,201,396  |  |  |  |
| 2011      | 2,345,0     | 00                       | 445,838   |          | 2,765,000  |    | 1,548,508  |          | 5,110,000  |   | 1,994,345  |  |  |  |
| 2012      | 2,455,0     | 00                       | 344,238   |          | 2,950,000  |    | 1,424,270  |          | 5,405,000  |   | 1,768,508  |  |  |  |
| 2013-2017 | 5,260,0     | 00                       | 358,300   |          | 20,195,000 |    | 4,628,910  |          | 25,455,000 |   | 4,987,210  |  |  |  |
| 2018-2022 |             | -                        | -         |          | 4,370,000  |    | 1,341,788  |          | 4,370,000  |   | 1,341,788  |  |  |  |
| 2023-2025 |             | <u> </u>                 | <u>.</u>  |          | 3,165,000  |    | 242,375    |          | 3,165,000  |   | 242,375    |  |  |  |
|           | \$ 16,525,0 | <u>00</u> S              | 3,026,648 | <u>s</u> | 40,550,000 | 5  | 14,459,027 | <u>s</u> | 57,075,000 | s | 17,485,674 |  |  |  |

|           |                | Discretely-presented component unit |            |           |                |               |  |  |  |  |  |
|-----------|----------------|-------------------------------------|------------|-----------|----------------|---------------|--|--|--|--|--|
|           | TIPI           | 0295                                | Lozas      | payable   | Total          |               |  |  |  |  |  |
|           | Principal      | Interest                            | Principal  | Interest  | Principal      | Interest      |  |  |  |  |  |
| 2008      | \$ 3,290,000   | \$ 7,561,608                        | \$ 68,375  | \$ 9,204  | \$ 3,358,375   | \$ 7,570,812  |  |  |  |  |  |
| 2009      | 4,680,000      | 7,739,359                           | 70,128     | 6,333     | 4,750,128      | 7,745,692     |  |  |  |  |  |
| 2010      | 4,610,000      | 7,518,441                           | 75,387     | 3,317     | 4,685,387      | 7,521,758     |  |  |  |  |  |
| 2011      | 5,210,000      | 7,314,973                           | •          | •         | 5,210,000      | 7,314,973     |  |  |  |  |  |
| 2012      | 5,415,000      | 6,978,266                           |            | •         | 5,415,000      | 6,978,266     |  |  |  |  |  |
| 2013-2017 | 30,940,000     | 30,760,526                          | -          | -         | 30,940,000     | 30,760,526    |  |  |  |  |  |
| 2018-2022 | 45,070,000     | 21,090,390                          | •          | -         | 45,070,000     | 21,090,390    |  |  |  |  |  |
| 2023-2028 | 51,215,000     | 9,567,444                           |            | <u> </u>  | \$1,215,000    | 9,567,444     |  |  |  |  |  |
|           | \$ 150,430,000 | \$ 98,531,008                       | \$ 213,890 | \$ 18,854 | \$ 150,643,890 | \$ 98,549,862 |  |  |  |  |  |

.

Notes to Financial Statements

June 30, 2007

#### (a) Governmental activities

### (1) Loans Payable

On June 1, 2000, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$530,000, due in annual installments of \$40,000 to \$65,000 through June 1, 2010 and bearing interest at 5.00% to 6.25%. The proceeds of the bond issuance are to be used for improvements, renovations, and other upgrades to various buildings owned by the City.

On August 1, 2001, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$1,635,000, due in annual installments of \$160,000 to \$215,000 through June 1, 2010, and bearing interest at 4.20% to 4.40%. The proceeds of the bond issuance are to be used for improvements, renovations, and other upgrades to various buildings owned by the City, software for the Fire Department, and additional funding for Hartman Heritage Tax Increment Financing Project. The portion of the loan payable related to the Hartman Heritage Tax Increment Financing Project is included in the liabilities of the discretely presented component unit. Restricted assets in the General Fund of \$224,134 consist of funds available for costs related to this debt.

On May 1, 2004, the City refinanced a loan payable with the Missouri Development Finance Board in the amount of \$1,245,000, due in annual installments of \$230,000 to \$270,000 through June 1, 2009, and bearing interest at 2.25% to 4.25%. The proceeds will be used for the restoration of the Truman Memorial Building.

On May 26, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$4,970,000, due in semiannual installments of \$590,000 to \$665,000 through April 1, 2009, and bearing interest at 3.25% to 4.00%. The proceeds of the bond issuance are to be used for street projects.

On February 1, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$6,175,000, due in annual installments of \$300,000 to \$450,000 through February 1, 2013, and bearing interest at 3.00% to 5.00%. The proceeds of the bond issuance are to be used for the aquatics facilities project.

On February 25, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$8,225,000, due in annual installments of \$670,000 to \$1,010,000 through March 1, 2015, and bearing interest at 4.00% to 5.25%. The proceeds of the bond issuance are to be used for public safety facilities projects.

On December 12, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$5,485,000, due in annual installments of \$1,010,000 to \$1,190,000 through April 1, 2013, and bearing interest at 4.25%. The proceeds of the bond issuance are to be used for park projects.

On December 12, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$2,770,000 due in one annual installment due April 1, 2009, and bearing interest at 4.25%. The proceeds of the bond issuance are to be used for street projects.

#### Notes to Financial Statements

June 30, 2007

#### (2) Neighborhood Improvement District

The Neighborhood Improvement District Bonds constitute a valid and legally binding indebtedness of the City, payable as to both principal and interest from special assessments to be assessed on certain real property within the District which will be benefited by the improvements and, if not so paid, from moneys in the Bond Reserve Fund and, to the extent required, from first available moneys in the City's general fund or other legally available fund. The full faith and credit of the City are irrevocably pledged for the prompt payment, when due, of the principal and interest on the Bonds; provided, however, the City is not obligated nor authorized to levy taxes for the purpose of paying principal of or interest on the Bonds and the taxing power of the City is not pledged to the payment of the Bonds.

On May 15, 2004, the City issued \$995,000 Neighborhood Improvement Bonds for Noland Road and Englewood Improvements, due in annual installments of \$55,000 to \$85,000 through March 1, 2019 and bearing interest at 4.5% to 5.75%.

On August 17, 2004, the City issued \$111,000 Neighborhood Improvement Bonds for the Fall Drive Sanitary Sewer Project, due in annual installments of \$5,000 to \$6,000 through March 1, 2024 and bearing interest at 5.375% to 5.5%.

#### (3) Capital Lease Obligations

Capital leases payable at June 30, 2007 are comprised of the following:

| Governmental funds:  |               |
|--|---------------|
| Emergency One, Inc, interest at 6.31%, annual installments through |               |
| October 2007; a lease to purchase an Emergency One Model           |               |
| V803 Commercial Pumper Fire Apparatus                              | \$<br>21,549  |
| IBM Corporation, interest at 2.64% to 6.10%, monthly installments  |               |
| through 2008 for computer equipment                                | 2,474         |
| Sun Trust Leasing, interest at 4.19%, annual installments          |               |
| through July 2013; a lease to purchase a fire truck                | 555,685       |
| IBM Corporation, interest at 4.057%, due in monthly installments   |               |
| through April 1, 2010 for computer equipment                       | <br>132,776   |
|  | \$<br>712,484 |

The cumulative amount of assets acquired under the capital leases described above amounted to \$2,186,283 as of June 30, 2007.

### Notes to Financial Statements

# June 30, 2007

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

| Year ending June 30:                    |               |
|---|---------------|
| 2008                                    | \$<br>165,747 |
| 2009                                    | 144,340       |
| 2010                                    | 135,823       |
| 2011                                    | 93,234        |
| 2012                                    | 93,234        |
| 2013 - 2014                             | <br>186,468   |
|   | 818,846       |
| Less imputed interest                   | <br>(106,362) |
| Present value of minimum lease payments | \$<br>712,484 |

### (b) Business-type Activities

# (1) Revenue Bonds

Revenue bonds payable at June 30, 2007 are comprised of the following individual issues:

| <ul> <li>Power and light fund:</li> <li>\$23,520,000 1998 Electric Utility Refunding Bonds, due in annual installments of \$700,000 to \$2,040,000 through June 1, 2014, interest at 4.0% to 4.8%, callable at par after June 1, 2003</li> <li>\$5,975,000 2003 Electric Utility Refunding Revenue Bonds, due in annual installments of \$435,000 to \$660,000 through June 1, 2014,</li> </ul>   | \$  | 12,490,000  |
|---|-----|-------------|
| interest at 2.0% to 3.65%   |     | 4,035,000   |
| Less deferred amount on refunding   | _   | (1,526,962) |
| Total power and light fund  | _   | 14,998,038  |
| <ul> <li>Water fund:</li> <li>\$36,000,000 1986 Water Utility Remarketing Bonds, principal due in annual installments of \$850,000 to \$5,010,000 through June 30, 2017, interest at approximately 3.25% to 5.0%</li> <li>\$14,785,000 2004 Missouri Development Finance Board Infrastructure Facilities Revenue bonds, principal due in annual installments of \$490,000 to \$1,105,000 from November 1, 2005 through November 1,</li> </ul> |     | 26,755,000  |
| 2024, interest approximately 3.375% to 5.0%.  | _   | 13,795,000  |
| Total water fund  |     | 40,550,000  |
| Total revenue bonds   | \$_ | 55,548,038  |

#### Notes to Financial Statements

June 30, 2007

The power and light revenue bond ordinance and the water revenue bond indenture require that the systems be accounted for in separate enterprise funds. They also require that after sufficient current assets have been set aside to operate the systems, all remaining monies held in the funds be segregated and restricted in separate special reserves and accounts in the following sequences:

| Account                                 | Restriction   |  |  |  |  |
|---|---|--|--|--|--|
| Principal and interest                  | For the monthly accumulation of monies to<br>meet the maturing revenue bond principal-<br>and-interest requirements |  |  |  |  |
| Depreciation and emergency (water only) | For the accumulation of \$500,000 to finance<br>emergency repairs and system improvements                           |  |  |  |  |

Surplus account monies are reflected as unrestricted cash. The required reserves are reported in the accompanying statement of net assets as restricted assets as follows:

|  | Enterprise funds |                    |           |                   |                   |                                     |  |  |  |
|--|------------------|--------------------|-----------|-------------------|-------------------|-------------------------------------|--|--|--|
| Account  | P                | ower and<br>Light  |           | Water             | Sanitary<br>Sewer |                                     |  |  |  |
| Principal and interest<br>Depreciation and emergency |                  |                    |           |                   | \$                | -                                   |  |  |  |
| Total revenue bond<br>reserves                       |                  | 231,101            |           | 500,000           |                   | -                                   |  |  |  |
| Customer deposits<br>Workers' compensation           |                  | 966,143<br>135,480 |           | 261,803<br>35,753 |                   | 191 <b>,2</b> 55<br>28, <b>7</b> 67 |  |  |  |
| Total  | \$               | 1,332,724          | <u>\$</u> | 797,556           | \$                | 220,022                             |  |  |  |

Various bond ordinances and indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. The City is in compliance with all such financial limitations and restrictions.

Restricted assets in the General Fund of \$439,988 at June 30, 2007 consist of cash on deposit for a debt service reserve (note 14) and for municipal court bond deposits.

#### Notes to Financial Statements

June 30, 2007

#### (2) Other Obligations

The City entered into an agreement to pay \$1,581,868 to two of its wholesale water customers to settle a dispute. The remaining future obligations as of June 30, 2007 are as follows:

Year ending June 30:

| -    |               |
|------|---------------|
| 2008 | \$<br>551,061 |
| 2009 | 563,785       |
| 2010 | 271,919       |
|      | 1,386,765     |
|      |               |

#### (c) Discretely-presented component unit

### (1) Tax Increment Financing Loans

The City's tax increment financing loan indebtedness is recorded as a liability of the TIF Commission to match revenue streams to the related debt for which they have been pledged. The obligation of the City and the Commission to pay principal and interest on these bonds is limited solely to the tax increment financing (TIF) revenues generated from each project. Should TIF revenues not be sufficient to meet the required debt service obligations, neither the City nor the Commission is obligated to make such bond payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. Management does not anticipate that any of the City's general funds will be required to make up any deficiency in bond payments during the next fiscal year.

The following is a description of the individual TIF loans payable:

On June 1, 1999, the City entered into a \$7,240,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$270,000 to \$835,000 through June 1, 2011 and bearing interest at 4.0% to 5.25%. The proceeds of the loan are to be used for costs related to redevelopment of Bolger Square.

On April 1, 2000, the City issued an \$11,850,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$120,000 to \$1,235,000 through April 1, 2021 and bearing interest at 5.1% to 6.0%. The proceeds of the loan are to be used for costs related to redevelopment of Hartman Heritage area. This loan payable was refunded during the 2006-2007 fiscal year, see note on advance refunding below.

On May 1, 2000, the City issued a \$5,595,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$275,000 to \$800,000 through April 1, 2012 and bearing interest at 5.15% to 5.75%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

Notes to Financial Statements

June 30, 2007

On November 1, 2000, the City issued a \$12,815,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$120,000 to \$1,235,000 through April 1, 2020 and bearing interest at 5.37% to 6%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On August 1, 2001, the City issued a \$10,230,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$165,000 to \$1,865,000 through April 1, 2023 and bearing interest at 4.375% to 5.25%. The proceeds of the loan are to be used for costs related to the redevelopment of the Santa Fe area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On November 1, 2001, the City issued a \$1,425,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$15,000 to \$160,000 through April 1, 2021 and bearing interest at 2.4% to 5.25%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On November 1, 2002, the City issued a \$3,480,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$75,000 to \$845,000 through April 1, 2012 and bearing interest at 3.5% to 5.13%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On September 1, 2003, the City issued a \$8,715,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$135,000 to \$2,675,000 through April 1, 2021 and bearing interest at 2.0% to 5.0%. The proceeds of the loan are to be used for costs related to the redevelopment of the Hartman Heritage area.

On February 25, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$1,030,000, due in annual installments of \$50,000 to \$85,000 through March 1, 2020, and bearing interest at 3.00% to 4.50%. The proceeds of the loan are to be used for the Drumm Farm Tax Increment Financing Project.

On February 25, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$11,325,000, due in annual installments of \$185,000 to \$1,270,000 through March 1, 2026, and bearing interest at 4.00% to 5.00%. The proceeds of the loan are to be used for the Crackerneck Creek Tax Increment Financing Project.

On March 30, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$48,370,000 due in annual installments of \$340,000 to \$8,225,000 through March 1, 2026, and bearing interest at 5.30% to 6.00%. The proceeds of the loan are to be used for the Crackerneck Creek Tax Increment Financing Project.

On March 30, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$12,790,000 due in annual installments of \$3,500,000 to \$5,385,000 beginning March 1, 2026 through March 1, 2028, and bearing interest at 5.00%. The proceeds of the loan are to be used for the Crackerneck Creek Tax Increment Financing Project.

#### Notes to Financial Statements

June 30, 2007

On May 17, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$1,590,000, due in annual installments of \$70,000 to \$170,000 through March 1, 2020, and bearing interest at 4.00% to 4.625%. The proceeds of the loan are to be used for the Drumm Farm Tax Increment Financing Project.

On December 1, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of 4,980,000, due in annual installments of 120,000 to 445,000 through April 1,2028, and bearing interest at 4.00% to 4.25%. The proceeds of the loan are to be used for the HCA – Center Point Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$19,390,000, due in annual installments of \$815,000 to \$2,570,000 through April 1,2022, and bearing interest at 4.00% to 5.00%. The proceeds of the loan were used to refund the loans for the Eastland Center area Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$10,330,000, due in annual installments of \$555,000 to \$1,060,000 through April 1, 2020, and bearing interest at 4.00% to 5.00%. The proceeds of the loan were used to refund the loan for the Hartman Heritage Center Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$10,060,000, due in annual installments of \$385,000 to \$1,795,000 through April 1, 2023, and bearing interest at 5.41% to 6.096%. The proceeds of the loan were used to refund the loan for the Santa Fe Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$995,000, due in annual installments of \$70,000 to \$80,000 through April 1, 2020, and bearing interest at 4.00% to 4.50%. The proceeds of the loan are to be used for the Drumm Farm Tax Increment Financing Project.

On June 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$19,720,000, due in annual installments of \$425,000 to \$2,670,000 through April 1, 2028, and bearing interest at 4.75% to 5.125%. The proceeds of the loan are to be used for the HCA – Center Point Tax Increment Financing Project.

Restricted assets held by the Commission of \$71,892,933 consist of funds available for costs related to the redevelopment of the Bolger Square, Crackerneck Creek, Drumm Farm, Hartman Heritage, Sante Fe, Eastland Center, and HCA areas.

#### (a) Advance Refunding

On May 1, 2007, the City entered into a loan payable with the Missouri Department of Finance Board for the Eastland Center, Hartman Heritage Center, and Sante Fe Redevelopment projects in the amounts of \$19,390,000, \$10,330,000, and \$10,060,000 respectively; of Refunding TIF loans with interest rates ranging from 4.00% to 6.096% to advance refund \$19,230,000, \$9,975,000, and \$9,640,000 of outstanding loan payables, with interest rates ranging from 2.4% to 6.0%. The net proceeds of \$40,031,039 were deposited in a trust with an escrow agent to provide for all future debt service payments on the refunded loans payable. As a result, the loans payable are considered defeased and the related liability for these loans has been removed from the long-term debt.

#### Notes to Financial Statements

June 30, 2007

The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$934,702. This amount is reported as a deduction from TIF loans payable and is amortized over the remaining life of the refunded debt using the straight-line method. The City completed this advance refunding to reduce its debt service payments by \$81,250 and to obtain an economic gain of \$156,875.

The reduction to the debt service payments and economic gain amounts were as follows:

|                         |    | Difference of<br>Reacquisiton Price<br>& Carrying Value<br>of Old Debt |      | Debt<br>Service | Economic<br>Gain (Loss) |
|-------------------------|----|--|------|-----------------|-------------------------|
| Eastland Center         | \$ | 305,931  | \$   | 838,190 \$      | 693,931                 |
| Hartman Heritage Center |    | 172,328  |      | 500,517         | 417,503                 |
| Santa Fe Redevelopment  | _  | 456,443  |      | (1,257,457)     | (954,559)               |
|                         | \$ | 934,702  | \$ _ | 81,250 \$       | 156,875                 |

Due to contributions for debt service payments by the developer it was necessary to convert the obligations payable for the Sante Fe project from tax-exempt to taxable. This change resulted in the increase to debt service payments and economic loss shown above for the Santa Fe project.

### (2) Developer Obligations

These obligations represent developer project costs that have been certified by the City as eligible for reimbursement from tax increment financing revenues attributable to each respective project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the Commission. These developer obligations are limited to the amount of incremental taxes received attributable to each respective project; any deficiencies are solely the responsibility of the developer and do not constitute an obligation of the Commission or of the City.

#### (3) Bass Pro Lease

On October 18, 2004, the City approved the Crackerneck Creek Tax Increment Financing (TIF) Plan. The Crackerneck Creek TIF Plan provides for the development and construction of a proposed 350,000 square foot commercial retail center. The Crackerneck Creek Project (the Project) is scheduled to include (i) the Bass Pro Store described below, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. Other than the Bass Pro Store none of the retail space is leased as of June 30, 2007.

As part of the Project, the City has entered into the Lease Agreement (as amended from time to time, the "Bass Pro Lease") with Bass Pro Outdoor World L.L.C. ("Bass Pro"). Pursuant to the Bass Pro Lease the City will own a 160,000 square foot Bass Pro retail store (the "Bass Pro Store") and will lease the Bass Pro Store to Bass Pro under the terms and conditions as contained in the Bass Pro Lease. Under the Bass Pro Lease the City is obligated to make \$25,000,000 available to Bass Pro. This amount was funded from the proceeds of the Series 2006A Bonds. The proceeds of the Series 2006B and 2006C Bonds have been used to fund other costs related to the development of the site. The Bass Pro Store will be located on an approximate 20-acre parcel owned by the City.

Notes to Financial Statements

June 30, 2007

The initial term of the Bass Pro Lease is 20 years. Bass Pro has various renewal options under the lease agreement. During the initial 20 year term, Bass Pro is required to pay the City "Percentage Rent" rent equal to 2% of "Gross Sales" as defined in the Bass Pro Lease except that the "Minimum Percentage Rent" will not be less than of \$1,000,000 during each year of the initial term. During any of the nine one-year renewal options, Bass Pro will pay rent equal to \$10 per year provided the TIF bond financing provided by the City in a maximum of \$35,000,000 has been paid in full, or until the expiration of the third one year renewal option (whichever occurs first), Bass Pro shall be obligated to pay \$1,000,000 per year to the City. During any of the three five year renewal options, Bass Pro will pay rent equal options, Bass Pro shall be obligated to pay \$1,000,000 per year to the City. During any of the three five year renewal options, Bass Pro will pay rent equal to 1% of "Gross Sales" as defined in the lease agreement.

Under the Bass Pro Lease, Bass Pro has the option to purchase the Bass Pro Store at the expiration of the 20 year initial term and at the expiration of any renewal option for a purchase price equal to 90% of the fair market value thereof as a determined by an appraisal.

The total amount of all bonds to be issued by the Board for this project is expected to be approximately \$90,000,000. Proceeds of the bonds will fund reimbursable redevelopment project costs that are currently estimated to be approximately \$73,600,000, plus all financing costs, capitalized interest, credit enhancement costs, if any, and adequate reserves.

Construction on the Bass Pro building has commenced. The City delivered the Pad to Bass Pro concurrently with the delivery of the Bonds. Under the terms of the lease, Bass Pro must begin payments of rent to the City at the end of the Construction Period (a period of 455 days subsequent to delivery of the Pad) which occurred on June 28, 2007.

Also under the Lease the City is required to construct an approximate 15-acre lake and an additional wilderness habitat area of approximately 15 acres. The City park will include a waterfall and present a unique natural setting. The City is obligated to complete the lake and park no later than the opening of the Bass Pro Store. The City is also responsible for constructing and making available to Bass Pro 600 parking spaces adjacent to the Bass Pro Store.

A summary of the minimum rental payments due for this operating lease are as follows:

| Year      | Amount        |  |  |  |  |  |
|-----------|---------------|--|--|--|--|--|
| 2008      | \$ 1,000,000  |  |  |  |  |  |
| 2009      | 1,000,000     |  |  |  |  |  |
| 2010      | 1,000,000     |  |  |  |  |  |
| 2011      | 1,000,000     |  |  |  |  |  |
| 2012      | 1,000,000     |  |  |  |  |  |
| 2013-2017 | 5,000,000     |  |  |  |  |  |
| 2018-2022 | 5,000,000     |  |  |  |  |  |
| 2023-2027 | 5,000,000     |  |  |  |  |  |
| Total     | \$ 20,000,000 |  |  |  |  |  |

Notes to Financial Statements

June 30, 2007

### (8) Advances for Construction

As new developments are constructed, the Power and Light (Enterprise) Fund requires a nonrefundable cash payment from a customer or developer to be paid toward the cost of extending the distribution system, installation of street lights, and other additions or modifications solely for the benefit of the customer or developer. The advances for construction at June 30, 2007 were \$354,449.

As new additions to the water distribution system are constructed, the Water (Enterprise) Fund requires the developer or wholesaler to advance the estimated cost of the water main extension or improvement. Upon project completion, any excess of the advance over the project cost is refunded to the developer or wholesaler or vice versa. The advances for construction at June 30, 2007 were \$125,412.

### (9) Employee Retirement System

#### **Plan Description**

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by Statute, Section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

### Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by Missouri state statute to contribute at an actuarially determined rate; the current rate is 9.0% (general), 9.1% (police), and 14.2% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the City Council. The contribution provisions of the City are established by Missouri state statute.

#### Annual Pension Cost

### **Schedule of Employer Contributions:**

|                     | _  | Annual<br>pension<br>cost (APC) | Percentage<br>of APC<br>contributed | Net pension<br>obligation |
|---------------------|----|---------------------------------|-------------------------------------|---------------------------|
| Fiscal year ending: |    |                                 |                                     |                           |
| June 30, 2005       | \$ | 4,849,276                       | 100                                 |                           |
| June 30, 2006       |    | 5,432,144                       | 100                                 | <u></u>                   |
| June 30, 2007       |    | 5,736,388                       | 100                                 |                           |

(Continued)

Notes to Financial Statements

June 30, 2007

For 2007, the City's annual pension cost of \$5,736,388 was equal to the required and actual contribution. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included:

- (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually;
- (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation;
- (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit;
- (d) preretirement mortality based on the RP-2000 Combined Healthy Table, set back 0 years for men and women; and
- (e) postretirement mortality based on the 1971 Group Annuity Mortality table projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2007 was 15 years.

See Exhibit 11 for Schedule of Funding Progress and Employer Contributions for the years ended 2007, 2006, and 2005.

### (10) Post-employment Health Benefits

In addition to the pension benefits described in note 9, the City provides post-employment healthcare benefits to all retiring employees meeting the service criteria. Expenditures for post-employment healthcare benefits are recognized as retirees report their claims. During fiscal year 2007, expenditures of approximately \$4,001,328 were recognized for post-employment healthcare. The City has approximately 557 participants currently eligible to receive benefits.

### (11) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, there are a number of claims and/or lawsuits to which the City is a party as a result of certain law enforcement activities, injuries, and various other matters and complaints arising in the ordinary course of City activities. The City is entitled to the defense of sovereign and official immunity against tort action that provides immunity except in two areas – motor vehicles and the condition of property of governmental entities. The City carries commercial property, boiler and machinery, life, and flood insurance, and settlements have not exceeded insurance coverage for each of the past three fiscal years.

The City is a member of the Missouri Public Entity Risk Management Fund (MOPERM). MOPERM is a body corporate and politic created by the Missouri General Assembly to provide liability protection to participating public entities, their officials, and employees. The City pays annual premiums to MOPERM

Notes to Financial Statements

June 30, 2007

for law enforcement liability, general liability, public official errors and omissions liability, and automobile liability insurance coverage. The agreement with MOPERM provides that MOPERM will be self-sustaining through member premiums. MOPERM has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MOPERM has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MOPERM had no deficiencies in any of the past three fiscal years.

The City is self-insured for workers' compensation. An excess coverage insurance policy, limited to \$10,000,000 per occurrence, covers medical claims in excess of \$750,000 per occurrence. In order to maintain this self-insured status for workers' compensation, the State of Missouri requires the City to maintain a surety bond in the amount of \$2,020,000 and an escrow account in the amount of \$200,000. This amount is reflected as restricted assets in the Power and Light, Water, and Sanitary Sewer Funds. Estimated workers' compensation claims incurred but not reported are accrued as liabilities in the various funds with worker's compensation expenditures.

The City offers its employees a contributory self-insurance healthcare plan. An excess coverage insurance policy covers the portion of specific claims in excess of \$225,000 and aggregate claims in excess of \$14,500,000. The City's share of the premiums for this employee benefit was approximately \$10,802,000. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the Staywell Health Care (Internal Service) Fund. Estimated but not incurred medical, vision, and prescription claims are accrued as a liability in the Internal Service Fund.

Effective January 1, 2007, the City provided participants of the Coventry HMO health care plan with a contributory self-funded prescription plan. FMH Benefits Services administers this benefit as well as being the third party administrator for the Staywell Health Care Plan. Medco is the pharmacy benefits manager of this program as well as for the Staywell Health Care Plan. The City's share of premiums for this employee benefit was approximately \$232,000. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the self-funded Pharmacy Benefit Plan (internal service fund).

Changes in the balances of the workers' compensation and health care claims liability during the last two years are as follows:

|                                       | W   | Workers' Compensation Claims        |    |                                     | Medical Claims                             |  |  |
|---------------------------------------|-----|-------------------------------------|----|-------------------------------------|--|--|--|
|                                       |     | 2006 2007                           |    | 2006                                | 2007                                       |  |  |
| Beginning of year<br>Incurred<br>Paid | \$  | 250,600<br>1,665,750<br>(1,688,715) | \$ | 227,635<br>1,294,738<br>(1,336,066) | \$ 1,119,765<br>11,240,694<br>(10,971,357) | \$ 1,389,102<br>10,615,954<br>(10,789,227) |  |
| End of year                           | _\$ | 227,635                             | \$ | 186,307                             | \$ 1,389,102                               | \$ 1,215,829                               |  |

Notes to Financial Statements

June 30, 2007

#### (12) Commitments

#### **Construction Commitments**

At June 30, 2007, the City had commitments of approximately \$17,265,590 to complete construction contracts. Of this amount, \$8,270,598 relates to the enterprise funds.

#### Purchase/Sales of Capacity and Energy

The City purchases a portion of its power capacity and energy needs under a capacity purchase agreement with Kansas City Power & Light Company (KCPL). Under the agreement, the City purchases 90 MW of capacity and energy for a term through May 31, 2011 at contract-specified pricing for the capacity and associated energy, although the City has the right to reduce or terminate the capacity and energy purchase at any time after June 1, 2007. The annual minimum payment obligations (capacity charges only including the cost of transmission) under the agreement are approximately \$8,600,000. The delivered cost of capacity and energy under the agreement, including all demand energy, environmental emission allowance, and SPP transmission charges, totaled approximately \$23,340,000 for 643,765 megawatt-hours of delivered energy during fiscal year 2007.

In July 1997, the City became a participant to the Western Systems Power Pool Agreement (WSPP Agreement). The WSPP Agreement provides for short-term electric power transactions by and among its members. Transactions under the WSPP Agreement are executed under rate schedules that allow for market-based pricing. Membership of the WSPP Agreement has expanded from the original experimental eleven western United States electric utilities to over 250 members that are located throughout the entire United States and parts of Canada and include investor-owned electric utilities, municipalities, cooperatives, state and federal public power systems and power marketers. Under the WSPP Agreement, the City makes short term power purchases and sales with KCPL, Aquila Inc., Associated Electric Cooperative Inc., and other utilities and power marketers. During fiscal year 2007, the cost of purchases was approximately \$10,102,000 for 140,984 megawatt-hours of wholesale energy. The City sold 15,758 megawatt-hours of wholesale energy for approximately \$666,000.

In January 2004, the City entered into a participation power agreement with Omaha Public Power District (OPPD). Under this agreement, the City will purchase an 8.33% share (approximately 55 megawatts) of a new nominal 663 megawatt coal-fired baseload generating unit to be built at OPPD's existing Nebraska City power station site. The agreement provides that OPPD will be the owner/operator of the unit and OPPD will sell the City's share of the output on a cost-based approach. OPPD will issue tax-exempt bonds to pay for the construction of the unit and the City will be obligated to pay its appropriate share of the debt service on the bonds, the fixed operation and maintenance costs, the variable operating costs including fuel and renewals and replacements of the unit. The unit is currently scheduled to begin commercial operation prior to May 1, 2009. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. Payment obligations on this project are not expected to begin until the unit begins commercial operation in 2009.

In June 2006, the City entered into a unit power purchase agreement with the Missouri Joint Municipal Electric Utility Commission (MJMEUC). Under this agreement, the City will purchase a 50% share (approximately 50 megawatts) of MJMEUC's ownership share of a new nominal 850 megawatt Iatan 2 coal-fired generating unit to be built at KCPL's existing power station site in Weston, Missouri. The

Notes to Financial Statements

June 30, 2007

agreement provides that KCPL will be the owner/operator of the unit. MJMEUC will sell the City's share of the output on a cost-based approach. The City will be responsible for payment of its share of the fixed operation and maintenance costs, the variable operating costs including fuel, renewals and replacements of the unit and related administrative costs incurred by MJMEUC. The unit is currently scheduled to begin commercial operation in 2010. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. Payment obligations on this project are not expected to begin until the unit begins commercial operation in 2010.

#### Cooperative Agreement – Jackson County

The City and Jackson County, Missouri have entered into a cooperative agreement of approximately \$4,000,000 to obtain funding under the County's County Urban Road System (CURS) program to be used in conjunction with federal monies to facilitate the maintenance and upkeep of the City's infrastructure. As of June 30, 2007, the City has requested reimbursement from the County of approximately \$3.14 million related to construction project cost reimbursements under this agreement.

#### Litigation

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding construction contract issues, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

#### (13) Deficits

The accumulated deficit in the Street Improvements Fund, in the amount of \$301,883, will be eliminated by future revenues or transfers. The accumulated deficit in the Parks Sales Tax Fund, in the amount of \$84,396, will be eliminated by future revenues or transfers. The accumulated deficit in the Storm Drainage Fund, in the amount of \$16,155, will be eliminated by future revenues or transfers. The accumulated deficit in the Pharmacy Benefit Plan Fund, in the amount of \$104,227, will be eliminated by future revenues or transfers. The accumulated deficit in the Sterling Village TIF fund, in the amount of \$114, will be eliminated by future tax increment financing revenues.

#### Notes to Financial Statements

June 30, 2007

# (14) Fund Equity

٠

Reserved and designated fund balances at year-end are as follows:

|                              | General      | _Im | provements  | <u>Nonmajor</u> | Total         |
|------------------------------|--------------|-----|-------------|-----------------|---------------|
| Fund balances:               |              |     |             |                 |               |
| Reserved for:                |              |     |             |                 |               |
| Encumbrances                 | \$ 942,874   | \$  | 1,526,657   | \$ 9,316,039    | \$ 11,785,570 |
| Debt service                 | 224,134      |     | -           | 85,739          | 309,873       |
| Protested revenues           | 1,020,068    |     | -           | -               | 1,020,068     |
| Domestic violence            | 13,617       |     |             |                 | 13,617        |
| Total fund balances reserved | 2,200,693    |     | 1,526,657   | 9,401,778       | 13,129,128    |
| Unreserved:                  |              |     |             |                 |               |
| Designated for:              |              |     |             |                 |               |
| Police equipment             | 70,938       |     | -           | -               | 70,938        |
| Capital projects             | 242,191      |     | -           | 4,088,450       | 4,330,641     |
| Strategic goal               | 426,138      |     | -           | -               | 426,138       |
| TIF distribution             | 710,447      |     | -           | -               | 710,447       |
| Amoco settlement             | 54,500       |     | -           | -               | 54,500        |
| Debt service                 | 900,000      |     |             | -               | 900,000       |
| Total fund balances          |              |     |             |                 |               |
| designated                   | 2,404,214    |     |             | 4,088,450       | 6,492,664     |
| Undesignated                 | 2,129,791    |     | (1,828,540) | 13,592,684      | 13,893,935    |
| Total fund equity            | \$ 6,734,698 | \$  | (301,883)   | \$ 27,082,912   | \$ 33,515,727 |
|                              |              |     |             |                 |               |

### (15) **Prior Period Adjustment**

For the year ended June 30, 2007, management determined that the following adjustments were to be made to the opening net assets/fund balances:

A summary of these changes is described below:

| ·  | Governmental<br>Activities<br>(Exhibit 2) |             | -  | overnmental<br>Funds<br>(Exhibit 4) | Discretely<br>Presented<br>Component<br>Unit (Exhibit 2) |
|--|---|-------------|----|-------------------------------------|--|
| Beginning net assets (deficit), as originally reported | \$  | 186,567,169 | \$ | 32,235,240                          | \$ (68,028,857)  |
| Reimbursable project costs                             |   | 881,250     |    | 881,250                             | (881,250)  |
| Beginning net assets (deficit), as restated            | _\$                                       | 187,448,419 | \$ | 33,116,490                          | \$ (68,910,107)  |

#### Notes to Budgetary Comparison Schedules

Year ended June 30, 2007

#### (1) Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the accompanying government-wide financial statements:

- Prior to May 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to June 27, the City Council adopts the budget. If the City Council fails to adopt the budget on or before that date, the budget, as submitted or amended, goes into effect.
- The City Manager is authorized to transfer budgeted amounts between divisions of a department within any fund; however, any revisions that alter the total appropriations within any fund, or that transfer appropriations between departments, must be approved by the City Council. The 2006-2007 budget was amended during the year for transfers and supplemental appropriations. The budget amendments were approved by the City Council.
- Expenditures may not exceed appropriations for any department without City Council approval. Unencumbered appropriations lapse at year-end.
- Formal budgets are used as a control device for all funds; however, there is no requirement to report on the budget. Therefore, the financial statements include a comparison of budget to actual only for the General, Tourism, Community Development Block Grant, Rental Rehabilitation, Street Improvement Sales Tax, Park Sales Tax, Stromwater Sales Tax, Police Public Safety Sales Tax, Fire Public Safety Sales Tax and Grant Funds. Annual operating budgets are not prepared for Capital Projects Funds, although budgets on a project basis are prepared.

The City's policy is to prepare the annual operating budget on a basis which includes encumbrances as the equivalent of expenditures. The budgetary comparison schedules are prepared on this basis. Certain reclassifications between budgeted revenues and transfers have been made to facilitate the comparison with actual operations.

# Budgetary Comparison Schedule

### General Fund

Year ended June 30, 2007

|  |    | Budgeted<br>Original | Amounts<br>Final | Actual<br>Amounts<br>(Budget Basis) | Variance<br>with Final<br>Budget |
|--|----|----------------------|------------------|-------------------------------------|----------------------------------|
| _  | •  | Original             | <u></u>          | (Dudget Dasis)                      | Dudget                           |
| Revenues:  |    |                      |                  |                                     |                                  |
| Taxes  | \$ | 33,196,427           | 33,196,427       | 32,261,435                          | (934,992)                        |
| Licenses and permits   |    | 4,449,138            | 4,449,138        | 4,300,683                           | (148,455)                        |
| Grants – federal and state   |    | 25,393               | 25,393           | 26,242                              | 849                              |
| State and county shared revenue  |    | 5,615,828            | 5,615,828        | 5,627,760                           | 11,932                           |
| Charges for current services   |    | 1,436,377            | 1,475,180        | 1,858,887                           | 383,707                          |
| Interfund charges for support services   |    | 4,023,410            | 4,023,410        | 3,900,967                           | (122,443)                        |
| Fines and forfeitures  |    | 3,016,112            | 3,016,112        | 3,105,514                           | 89,402                           |
| Other revenue  | -  | 747,300              | 841,452          | 807,923                             | (33,529)                         |
| Total revenues   | -  | 52,509,985           | 52,642,940       | 51,889,411                          | (753,529)                        |
| Other financing sources:   |    |                      |                  |                                     |                                  |
| Payments in lieu of taxes  | -  | 13,604,018           | 13,604,018       | 13,039,463                          | (564,555)                        |
| Total other financing sources  | -  | 13,604,018           | 13,604,018       | 13,039,463                          | (564,555)                        |
| Total revenues and other financing sources   | -  | 66,114,003           | 66,246,958       | 64,928,874                          | (1,318,084)                      |
| Expenditures:  |    |                      |                  |                                     |                                  |
| City Council   |    | 398,130              | 414.654          | 414,291                             | 363                              |
| City Clerk   |    | 429,447              | 429,447          | 429,212                             | 235                              |
| City Manager   |    | 1,036,031            | 1,006,817        | 977,758                             | 29.059                           |
| National Frontier Trails Center  |    | 345,967              | 352,120          | 350,460                             | 1,660                            |
| Technology services  |    | 1,659,908            | 1,672,008        | 1,671,953                           | 55                               |
| Municipal court  |    | 669,958              | 678,762          | 678,680                             | 82                               |
| Law  |    | 728,888              | 728,888          | 691,371                             | 37,517                           |
| Finance  |    | 1,720,182            | 1,814,966        | 1,814,785                           | 181                              |
| Human resources  |    | 548,235              | 548,235          | 535,098                             | 13,137                           |
| Community development  |    | 2,605,129            | 2,622,358        | 2,589,947                           | 32,411                           |
| Police   |    | 20,158,488           | 21,279,620       | 21,274,620                          | 5,000                            |
| Fire   |    | 13,996,503           | 13,898,504       | 14,174,304                          | (275,800)                        |
| Health   |    | 2,266,260            | 2,420,432        | 2,411,687                           | 8,745                            |
| Public works   |    | 6,959,349            | 7,156,528        | 7,155,956                           | 572                              |
| Water pollution control  |    | 298,891              | 305,591          | 305,565                             | 26                               |
| Parks and recreation   |    | 1,981,302            | 2,030,581        | 2,030,565                           | 16                               |
| General government   |    | 8,185,189            | 7,371,345        | 6,641,041                           | 730,304                          |
| City Council strategic goals   |    | 350,000              | 958,368          | 532,230                             | 426,138                          |
| Capital outlay   | _  | 1,243,100            | 1,891,393        | 967,436                             | 923,957                          |
| Total expenditures   |    | 65,580,957           | 67,580,617       | 65,646,959                          | 1,933,658                        |
| Other financing uses – transfers out   | -  | 142,357              | 167,357          | 125,287                             | 42,070                           |
| Total expenditures and other financing uses  | -  | 65,723,314           | 67,747,974       | 65,772,246                          | 1,975,728                        |
| Excess of revenue and other financing<br>sources over (under) expenditures and<br>other financing uses | \$ | 390,689              | (1,501,016)      | (843,372)                           | 657,644                          |
| Undesignated fund balance at beginning of year   | =  |                      |                  |                                     |                                  |
| Cancellation of prior year encumbrances  |    |                      |                  | 3,399,529                           |                                  |
| Decrease in other fund balance components during the year  |    |                      |                  | 108,076                             |                                  |
| becrease in other fund balance components during the year  |    |                      |                  | (534,442)                           |                                  |
| Undesignated fund balance at end of year   |    |                      | 5                | 2,129,791                           |                                  |

,

**Budgetary Basis Reconciliation Schedule** 

General Fund

### Year ended June 30, 2007

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds does not include encumbrances outstanding at year-end as expenditures because encumbrances are reported as reservations of fund balances in accordance with GAAP for the modified accrual basis of accounting. Adjustments necessary to convert the results of operations under the modified accrual basis to the budget basis are included as reconciling items on the following budget-basis statement:

|  | _   | General<br>Fund                 |
|--|-----|---------------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None              | \$  | 64,928,874<br>                  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$_ | 64,928,874                      |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:                    | \$  | 65,646,959                      |
| Capital lease<br>Outstanding encumbrances at year-end charged to the current year's budget<br>Current year expenditures of encumbrances outstanding at the end of the prior<br>fiscal year |     | 144,129<br>(759,073)<br>966,048 |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds (GAAP basis)   | \$_ | 65,998,063                      |

# Schedule of Funding Progress

#### **Retirement Plan**

Schedule of Funding Progress:

• \_\_\_ ·

-

| Actuarial<br>valuation date | (a)<br>Actuarial<br>value of<br>assets | <br>(b)<br>Entry-age<br>actuarial<br>accrued<br>liability | <br>(b) (a)<br>Unfunded<br>(assets in<br>excess of)<br>accrued<br>liability<br>(UAL) | (a)/(b)<br>Funded<br>ratio | <br>(c)<br>Annual<br>covered<br>payroll | (b) (a)/(c)<br>UAL as a<br>percentage<br>of covered<br>payroll |
|-----------------------------|--|---|--|----------------------------|---|--|
| February 29, 2005 \$        | 133,798,865                            | \$<br>132,721,528   | \$<br>(1,077,337)  | 101%                       | \$<br>52,038,918                        | -2%  |
| February 28, 2006           | 143,965,379                            | 140,859,132   | (3,106,247)  | 102%                       | 55,394,891                              | -6%  |
| February 28, 2007           | 158,403,238                            | 148,892,342   | (9,510,896)  | 106%                       | 57,504,095                              | -17%   |

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2007 annual valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact LAGERS's office in Jefferson City at P.O. Box 1665 Jefferson City, Missouri 65102 or telephone 1-800-447-4334.

#### Nonmajor Governmental Funds

#### **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Tourism – This fund is used to account for expenditures for tourism that are financed out of the transient guest tax.

Independence Square Benefit District – This fund is used to account for expenditures to improve the City's downtown business district that are financed by a special property tax levy on those businesses which are benefited.

Community Development Grant Act – This fund is used to account for all projects that are funded by the Federal Community Development Block Grant.

**Rental Rehabilitation** – This fund is used to account for expenditures to improve rental property within the City that are funded by state and federal grants.

Street Improvement Sales Tax – This fund is used to account for all street projects that are funded by the three-eighths cent street improvement sales tax.

Park Improvement Sales Tax Fund – This fund accounts for all park projects that are funded by the onequarter cent park improvement sales tax.

Storm Water Sales Tax - This fund is used to account for all storm water projects that are funded by the one-fourth cent storm water sales tax.

**Police Sales Tax** – This fund is used to account for receipts and expenditures of the City's sales tax for police protection services.

Fire Sales Tax – This fund is used to account for receipts and expenditures of the City's sales tax for fire protection services.

License Surcharge – This fund is used to account for street improvements funded by an excise tax that is based on increased traffic flow relating to new development.

Grant Fund – This fund is used to account for expenditures that are funded by grants.

#### **Capital Projects Funds**

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by the proprietary funds or trust funds.

**Revolving Public Improvements** – This fund, which is legally mandated by City Charter, is used to account for the cost of public works or improvements funded by special assessments.

Building and Other Improvements – This fund is used to account for the acquisition, construction, and improvement of nonproprietary buildings and facilities of the City.

Storm Drainage – This fund is used to account for the acquisition and construction of the City's infrastructure to control the run-off surface water.

Park Improvements - This fund is used to account for the acquisition and construction of the City's parkland.

### **Permanent Fund**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Waggoner Memorial – This fund is used to account for citizen donations, the interest on which is used for maintenance for the Memorial Building.

### **Debt Service Fund**

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2007

| Assets  | _   | Special<br>Revenue<br>(Exhibit 14) | Capital<br>Projects<br>(Exhibit 27) | Permanent<br>Fund | Debt Service<br>Fund | Total Nonmajor<br>Goveramental<br>Funds |
|---|-----|------------------------------------|-------------------------------------|-------------------|----------------------|---|
| Pooled cash and investments                       | \$  | 23,447,799                         | 66,878                              | 9,670             | 1                    | 23,524,348                              |
| Receivables:                                      |     | 0.077.470                          |                                     |                   |                      | 1 977 471                               |
| Taxes<br>Accounts                                 |     | 2,877,472<br>16,235                | 612                                 |                   |                      | 2,877,472<br>16,847                     |
| Special assessment principal and                  |     | 10,235                             | 012                                 | _                 |                      | 10,647                                  |
| accrued interest                                  |     |                                    | _                                   | _                 | 1,298,024            | 1,298,024                               |
| Accrued interest                                  |     | 208,510                            |                                     |                   |                      | 208,510                                 |
| Due from other funds                              |     | 1,438,535                          | —                                   | —                 |                      | 1,438,535                               |
| Due from component unit                           |     | 16,500                             | —                                   |                   |                      | 16,500                                  |
| Due from other governments                        |     | 933,920                            | _                                   |                   |                      | 933,920                                 |
| Restricted assets                                 | -   | 3,215,752                          |                                     |                   | 94,000               | 3,309,752                               |
| Total assets                                      | \$_ | 32,154,723                         | 67,490                              | 9,670             | 1,392,025            | 33,623,908                              |
| Liabilities and Fund Balances                     |     |                                    |                                     |                   |                      |   |
| Liabilities:                                      |     |                                    |                                     |                   |                      |   |
| Accounts and contracts payable                    | \$  | 3,235,527                          | 38,792                              | _                 |                      | 3,274,319                               |
| Due to other funds                                |     | 1,664,251                          | 16,156                              |                   | 11,772               | 1,692,179                               |
| Accrued items                                     |     | 83,103                             | _                                   |                   |                      | 83,103                                  |
| Other current liabilities                         |     | 26,380                             |                                     |                   |                      | 26,380                                  |
| Deferred revenue                                  | -   | 166,991                            |                                     |                   | 1,298,024            | 1,465,015                               |
| Total liabilities                                 | _   | 5,176,252                          | 54,948                              |                   | 1,309,796            | 6,540,996                               |
| Fund balances:<br>Reserved for:                   |     |                                    |                                     |                   |                      |   |
| Encumbrances                                      |     | 9,272,491                          | 43,548                              | —                 |                      | 9,316,039                               |
| Other purposes                                    |     | 85,739                             | —                                   |                   | <u> </u>             | 85,739                                  |
| Unreserved, reported in:<br>Special revenue funds |     | 17 620 241                         |                                     |                   |                      | 10 (00 041                              |
| Debt service funds                                |     | 17,620,241                         |                                     |                   | 82,229               | 17,620,241<br>82,229                    |
| Capital projects funds                            |     |                                    | (31,006)                            |                   | <u></u>              | (31,006)                                |
| Permanent fund                                    | _   |                                    |                                     | 9,670             |                      | 9,670                                   |
| Total fund balances                               | _   | 26,978,471                         | 12,542                              | 9,670             | 82,229               | 27,082,912                              |
| Total liabilities and fund balances               | \$  | 32,154,723                         | 67,490                              | 9,670             | 1,392,025            | 33,623,908                              |
|   | =   |                                    | a                                   |                   |                      |   |

.

.

### CITY OF INDEPENDENCE, MISSOURI

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended June 30, 2007

| _  | Special<br>Revenue<br>(Exhibit 15) | Capital<br>Projects<br>(Exbibit 28) | Permanent<br>Fund | Debt Service<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|--|------------------------------------|-------------------------------------|-------------------|----------------------|---|
| Revenues:                                  |                                    |                                     |                   |                      |   |
| Taxes \$                                   | 20,629,478                         |                                     | _                 | <u> </u>             | 20,629,478                              |
| Licenses and permits                       | 1,171,509                          | <u> </u>                            | _                 | _                    | 1,171,509                               |
| Intergovernmental                          | 4,022,553                          | 1,783,755                           |                   |                      | 5,806,308                               |
| Charges for services                       | 603,581                            | —                                   |                   | 102,999              | 706,580                                 |
| Investment income                          | 1,238,073                          | 1,333                               | 450               | 3,823                | 1,243,679                               |
| Other                                      | 221,906                            |                                     |                   |                      | 221,906                                 |
| Total revenues                             | 27,887,100                         | 1,785,088                           | 450               | 106,822              | 29,779,460                              |
| Expenditures:                              |                                    |                                     |                   |                      |   |
| Current:                                   |                                    |                                     |                   |                      |   |
| Administrative services                    | 44,269                             | —                                   | _                 |                      | 44,269                                  |
| Public safety                              | 4,446,626                          |                                     |                   |                      | 4,446,626                               |
| Health and welfare                         | 493,136                            |                                     |                   |                      | 493,136                                 |
| Culture and recreation                     | 3,067,660                          |                                     | · —               |                      | 3,067,660                               |
| Community development<br>Storm water       | 1,525,599<br>1,232,707             |                                     |                   | _                    | 1,525,599                               |
| General government                         | 281,646                            |                                     | 5,000             | 1,034                | 1,232,707<br>287,680                    |
| Capital outlay                             | 17,991,703                         | 2,514,293                           | 5,000             | 1,034                | 20,505,996                              |
| Debt service:                              | 17,791,705                         | 2,514,295                           | _                 |                      | 20,303,990                              |
| Principal                                  | 2,850,000                          | _                                   | _                 | 59,000               | 2,909,000                               |
| Interest and fiscal agent fees             | 881,655                            | _                                   |                   | 50,859               | 932,514                                 |
| Total expenditures                         | 32,815,001                         | 2,514,293                           | 5,000             | 110,893              | 35,445,187                              |
| Excess (deficiency) of revenues            |                                    |                                     |                   |                      |   |
| over expenditures                          | (4,927,901)                        | (729,205)                           | (4,550)           | (4,071)              | (5,665,727)                             |
| Other financing sources (uses):            |                                    |                                     |                   |                      |   |
| Proceeds from capital leases/bond issuance | 8,255,000                          | <del></del>                         |                   |                      | 8,255,000                               |
| Reoffering premium/original issue discount | 78,680                             |                                     | _                 |                      | 78,680                                  |
| Transfers in                               | _                                  | 730,538                             | _                 | —                    | 730,538                                 |
| Transfers out                              | (1,836,420)                        |                                     |                   |                      | (1,836,420)                             |
| Total other financing sources (uses)       | 6,497,260                          | 730,538                             | <u> </u>          |                      | 7,227,798                               |
| Net change in fund balances                | 1,569,359                          | 1,333                               | (4,550)           | (4,071)              | 1,562,071                               |
| Fund balances (deficit), beginning         | 25,409,112                         | 11,209                              | 14,220            | 86,300               | 25,520,841                              |
| Fund balances, ending                      | 26,978,471                         | _12,542                             | 9,670             | 82,229               | 27,082,912                              |

#### CITY OF INDEPENDENCE, MISSOURI Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2007

| Assets   | -   | Tourism                   | Independence<br>Square Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation             | Combined Sales<br>Tax Funds<br>(Exhibit 25) | License<br>Surcharge | Grants                                     | Total   |
|--|-----|---------------------------|--|---------------------------------------|--------------------------------------|---|----------------------|--|---|
| Pooled cash and investments<br>Receivables:  | \$  | 1,378,870                 | 23,962                                     | -                                     | -                                    | 18,647,267                                  | 3,397,700            | _  | 23,447,799  |
| Taxes<br>Accounts  |     | 90,000                    | 471  | _                                     |                                      | 2,787,001                                   | -                    |  | 2,877,472   |
| Accrued interest   |     |                           |  | _                                     | _                                    | 175,055                                     | 33,455               | 16,235                                     | 16,235<br>208,510                                     |
| Due from other funds   |     | _                         | _  |                                       | _                                    | 1,438,535                                   | 55,455               |  | 1,438,535   |
| Due from component unit  |     | _                         | _  |                                       | _                                    | 16,500                                      | _                    | _  | 16,500  |
| Due from other governments   |     | 119,861                   | _  | 182,216                               | 205,405                              |   | _                    | 426,438                                    | 933,920   |
| Restricted assets  |     |                           |  |                                       | ·                                    | 3,215,752                                   | —                    | _  | 3,215,752   |
| Total assets   | \$_ | 1,588,731                 | 24,433                                     | 182,216                               | 205,405                              | 26,280,110                                  | 3,431,155            | 442,673                                    | 32,154,723  |
| Liabilities and Fund Balances  |     |                           |  |                                       |                                      |   |                      |  |   |
| Liabilities:<br>Accounts and contracts payable<br>Due to other funds<br>Accrued items<br>Other current liabilities<br>Deferred revenue | \$  | 178,922<br>8,784<br>—     |  | 425<br>172,746<br>7,745<br>—          | 10,621<br>165,594<br>2,806<br>26,380 | 2,990,969<br>1,032,957<br>39,811<br>        | <br>                 | 54,590<br>292,954<br>23,957<br>—<br>71,172 | 3,235,527<br>1,664,251<br>83,103<br>26,380<br>166,991 |
| Total liabilities  |     | 187,706                   |  | 180,916                               | 205,401                              | 4,159,556                                   | ~                    | 442,673                                    | 5,176,252   |
| Fund balances:<br>Reserved for:<br>Encumbrances<br>Other purposes<br>Unreserved, reported in:<br>Special revenue funds                 | -   | 156,563<br>—<br>1,244,462 |  | (114,435)                             | 106,832                              | 8,662,154<br>85,739<br>13,372,661           | 3,431,155            | 231,207                                    | 9,272,491<br>85,739<br>17,620,241                     |
| •  | -   |                           |  |                                       |                                      |   |                      |  |   |
| Total fund balances  | _   | 1,401,025                 | 24,433                                     | 1,300                                 | 4                                    | 22,120,554                                  | 3,431,155            |  | 26,978,471  |
| Total liabilities and<br>fund balances   | \$_ | 1,588,731                 | 24,433                                     | 182,216                               | 205,405                              | 26,280,110                                  | 3,431,155            | 442,673                                    | 32,154,723  |

Exhibit 14

Exhibit 15

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Special Revenue Funds

#### Year ended June 30, 2007

|   | Tourism                               | Independence<br>Square Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation | Combined Sales<br>Tax Funds<br>(Exhibit 26) | License<br>Surcharge | Grants    | Total       |
|---|---------------------------------------|--|---------------------------------------|--------------------------|---|----------------------|-----------|-------------|
| Revenues:<br>Taxes  | \$ 1,020,664                          | 22,052                                     | _                                     |                          | 19,586,762                                  |                      |           | 20,629,478  |
| Licenses and permits  | -                                     |  |                                       | _                        | 19,580,702                                  | 1.171.509            | _         | 1,171,509   |
| Intergovernmental   | 169,122                               |  | 1,122,874                             | 790,434                  | 324,684                                     |                      | 1,615,439 | 4,022,553   |
| Charges for services  | 1,165                                 |  | 1,300                                 | _                        | 514,750                                     | _                    | 86,366    | 603,581     |
| Investment income   | 53,966                                | 820  | —                                     | _                        | 1,012,955                                   | 170,544              | (212)     | 1,238,073   |
| Other   | 7,553                                 |  |                                       |                          | 212,770                                     |                      | 1,583     | 221,906     |
| Total revenues  | 1,252,470                             | 22,872                                     | 1,124,174                             | 790,434                  | 21,651,921                                  | 1,342,053            | 1,703,176 | 27,887,100  |
| Expenditures:<br>Current:                                   |                                       |  |                                       |                          |   |                      |           |             |
| Administrative services                                     | _                                     | _  |                                       | _                        |   |                      | 44,269    | 44,269      |
| Public safety   |                                       | _  |                                       | _                        | 3,427,396                                   | _                    | 1,019,230 | 4,446,626   |
| Health and welfare  | -                                     | _  | _                                     | _                        | 5,747,550                                   | _                    | 493,136   | 493,136     |
| Culture and recreation                                      | 992,212                               |  | _                                     | _                        | 2,075,448                                   | _                    |           | 3,067,660   |
| Community development                                       |                                       |  | 735,168                               | 790,431                  | _   |                      | _         | 1,525,599   |
| Storm water   | —                                     |  | _                                     | _                        | 1,232,707                                   |                      |           | 1,232,707   |
| General government  |                                       |  |                                       | —                        | 134,592                                     |                      | 147,054   | 281,646     |
| Capital outlay<br>Debt service:                             |                                       | 353  | _                                     |                          | 17,991,350                                  |                      | _         | 17,991,703  |
| Principal   | _                                     | _  |                                       | _                        | 2,850,000                                   |                      |           | 2,850,000   |
| Interest and fiscal agent fees                              | _                                     | _  |                                       | 3                        | 881,649                                     | -                    |           | 2,850,000   |
| •   | 000 010                               |  |                                       |                          | ·   |                      |           |             |
| Total expenditures  | 992,212                               | 35 <u>3</u>                                | 735,171                               | 790,434                  | 28,593,142                                  |                      | 1,703,689 | 32,815,001  |
| Excess (deficiency)<br>of revenues over<br>expenditures     | 260,258                               | 22,519                                     | 389,003                               | _                        | (6,941,221)                                 | 1,342,053            | (513)     | (4,927,901) |
| Other financing sources (uses):                             | -                                     |  |                                       |                          |   |                      |           |             |
| Proceeds from bond issuance                                 |                                       |  |                                       |                          |   |                      |           |             |
|   | -                                     |  | -                                     |                          | 8,255,000                                   | -                    |           | 8,255,000   |
| Reoffering premium/original issue discount<br>Transfers out |                                       | —  | (207 702)                             |                          | 78,680                                      | (1.100.100           | -         | 78,680      |
|   | · · · · · · · · · · · · · · · · · · · |  | (387,703)                             |                          | (258,521)                                   | (1,190,196)          |           | (1,836,420) |
| Total other financing<br>sources (uses)                     |                                       |  | (387,703)                             |                          | 8,075,159                                   | (1,190,196)          |           | 6,497,260   |
| Net change in fund<br>balances                              | 260,258                               | 22,519                                     | 1,300                                 | _                        | 1,133,938                                   | 151,857              | (513)     | 1,569,359   |
| Fund balances, beginning                                    | 1,140,767                             | 1,914                                      | -                                     | 4                        | 20,986,616                                  | 3,279,298            | 513       | 25,409,112  |
| Fund balances, ending                                       | \$ 1,401,025                          | 24,433                                     | 1,300                                 | 4                        | 22,120,554                                  | 3,431,155            |           | 26,978,471  |
|   | .,                                    |  |                                       |                          | 22,120,334                                  | 5,751,155            |           | 20,570,471  |

Exhibit 16

.

### **CITY OF INDEPENDENCE, MISSOURI**

# Budgetary Comparison Schedule

### **Tourism Fund**

Year ended June 30, 2007

|  |        | Budgeted | Amounts   | Actual<br>Amounts | Variance<br>with Final |
|--|--------|----------|-----------|-------------------|------------------------|
|  | _      | Original | Final     | (Budget Basis)    | Budget                 |
| Revenues:  |        |          |           |                   |                        |
| Transient guest taxes  | \$     | 968,000  | 968,000   | 1,020,664         | 52,664                 |
| Interest   |        | —        | 24,000    | 53,966            | 29,966                 |
| Grants - federal, state, and local                             |        |          | 171,463   | 169,122           | (2,341)                |
| Other revenue  |        | 30,000   | 6,000     | 8,718             | 2,718                  |
| Total revenues   |        | 998,000  | 1,169,463 | 1,252,470         | 83,007                 |
| Expenditures:  |        |          |           |                   |                        |
| Tourism  |        | 891,646  | 1,063,109 | 1,059,592         | 3,517                  |
| Total expenditures   |        | 891,646  | 1,063,109 | 1,059,592         | 3,517                  |
| Excess of revenues over (under)                                |        |          |           |                   |                        |
| expenditures   | \$     | 106,354  | 106,354   | 192,878           | 86,524                 |
| Undesignated fund balance at beginning                         | ofyear |          |           | 638,590           |                        |
| Cancellation of prior year encumbrances                        | 5      |          |           | 19,215            |                        |
| Change in other fund balance<br>components during the year (1) |        |          |           | (125,711)         |                        |
| Undesignated fund balance at end of year                       | ır     |          |           | \$ 724,972        |                        |
|  |        |          |           |                   |                        |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the

Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

.

Budgetary Basis Reconciliation Schedule

**Tourism Fund** 

Year ended June 30, 2007

|  | <br>Tourism<br>Fund             |
|--|---------------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None  | \$<br>1,252,470                 |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$<br>1,252,470                 |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>Outstanding encumbrances at year-end charged to the current year's budget (1) | \$<br>1,059,592<br>(140,730)    |
| <pre>fiscal year (1) Total expenditures as reported on the statement of revenues, expenditures,     and changes in fund balances – governmental funds</pre>  | \$<br>73,3 <u>50</u><br>992,212 |

.

.

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

#### Exhibit 17

### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Community Development Block Grant Fund Year ended June 30, 2007

|  |       | Budgeted | Amounts   | Actual<br>Amounts | Variance<br>with Final |
|--|-------|----------|-----------|-------------------|------------------------|
|  | -     | Original | Final     | (Budget Basis)    | Budget                 |
| Revenues:  | -     |          |           |                   |                        |
| Federal grant - CDBG                                       | \$    | 776,034  | 776,034   | 1,124,174         | 348,140                |
| Total revenues   | -     | 776,034  | 776,034   | 1,124,174         | 348,140                |
| Expenditures:  |       |          |           |                   |                        |
| CDBG administration  |       | 213,700  | 277,257   | 140,354           | 136,903                |
| CDBG expenditures  |       | _        | 840,540   | 546,659           | 293,881                |
| Public facilities and improvements                         |       |          | 1,891     |                   | 1,891                  |
| Commercial facade program                                  |       | —        | 308,388   | 163,893           | 144,495                |
| Total expenditures   | -     | 213,700  | 1,428,076 | 850,906           | 577,170                |
| Other financing uses:                                      |       |          |           |                   |                        |
| Transfers out  |       | —        | 150,000   | 387,703           | (237,703)              |
| Total other financing uses                                 | -     |          | 150,000   | 387,703           | (237,703)              |
| Total expenditures and other uses                          | . –   | 213,700  | 1,578,076 | 1,238,609         | 339,467                |
| Excess of revenues over (under)<br>expenditures and other  |       |          |           |                   |                        |
| financing uses   | \$ _  | 562,334  | (802,042) | (114,435)         | 687,607                |
|  | _     |          |           |                   |                        |
| Undesignated fund balance at beginning o                   | f yea | r        |           | (392,994)         | -                      |
| Change in other fund balance<br>components during the year |       |          |           | 392,994           |                        |
| Undesignated fund balance at end of year                   |       |          | :         | \$ (114,435)      |                        |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures and Other Financing Uses amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

.

### Exhibit 17.1

# **CITY OF INDEPENDENCE, MISSOURI**

### Budgetary Basis Reconciliation Schedule

### Community Development Block Grant Fund

### Year ended June 30, 2007

|  | unity Development<br>Block Grant |
|--|----------------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None  | \$<br>1,124,174                  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$<br>1,124,174                  |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>Outstanding encumbrances at year-end charged to the current year's budget (1) | \$<br>850,906<br>(115,735)       |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$<br>735,171                    |

 Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

,

### Exhibit 18

# CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Rental Rehabilitation Year Ended June 30, 2007

|  |         | Budgeted | Amounts   | Actual<br>Amounts | Variance<br>with Final |  |
|--|---------|----------|-----------|-------------------|------------------------|--|
|  | -       | Original | Final     | (Budget Basis)    | Budget                 |  |
| Revenues:  | -       |          |           |                   |                        |  |
| HOME program grant   | \$      | 456,644  | 456,644   | 790,434           | 333,790                |  |
| Total revenues   | -       | 456,644  | 456,644   | 790,434           | 333,790                |  |
| Expenditures:  |         |          |           |                   |                        |  |
| HOME administration  |         | 46,404   | 49,864    | 47,288            | 2,576                  |  |
| Multi family housing   |         |          | 500,625   | 407,321           | 93,304                 |  |
| Single family housing  |         |          | 524,083   | 342,174           | 181,909                |  |
| Community housing development                                      |         |          | 271,912   | 100,483           | 171,429                |  |
| Total expenditures   | -       | 46,404   | 1,346,484 | 897,266           | 449,218                |  |
| Excess of revenues over (under)<br>expenditures                    | \$ _    | 410,240  | (889,840) | (106,832)         | 783,008                |  |
| Undesignated fund balance (deficit) at beginning of year (205,307) |         |          |           |                   |                        |  |
| Change in other fund balance<br>components during the year (1)     |         |          |           | 205,312           |                        |  |
| Undesignated fund balance (deficit) at er                          | nd of y | ear      | :         | \$ (106,827)      |                        |  |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

## Exhibit 18.1

# **CITY OF INDEPENDENCE, MISSOURI**

**Budgetary Basis Reconciliation Schedule** 

### **Rental Rehabilitation**

Year ended June 30, 2007

|  | Rental<br>Rehabilitation |         |
|--|--------------------------|---------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None  | \$                       | 790,434 |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$ _                     | 790,434 |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>Outstanding encumbrances at year-end charged to the current year's budget (1) | \$                       | 897,266 |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$_                      | 790,434 |

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

.

#### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Street Improvements Sales Tax Fund Year ended June 30, 2007

|  | <b>Budgeted Amounts</b> |             | Actual<br>Amounts                            | Variance<br>with Final |
|--|-------------------------|-------------|--|------------------------|
|  | Original                | Final       | (Budget Basis)                               | Budget                 |
| Revenues:  |                         |             | <u>,                                    </u> |                        |
| Sales taxes  | \$<br>6,147,787         | 6,147,787   | 5,839,961                                    | (307,826)              |
| Interest   | 400,000                 | 400,000     | 181,951                                      | (218,049)              |
| Total revenues   | 6,547,787               | 6,547,787   | 6,021,912                                    | (525,875)              |
| Other Financing sources:                                       |                         |             |  |                        |
| Proceeds from bond issuance                                    |                         |             | 2,770,000                                    | 2,770,000              |
| Reoffering premium/original issue discount                     | _                       | _           | 19,335                                       | 19,335                 |
| Total other financing sources                                  |                         |             | 2,789,335                                    | 2,789,335              |
| Total revenues and other financing sources                     | 6,547,787               | 6,547,787   | 8,811,247                                    | 2,263,460              |
| Expenditures:  |                         |             |  |                        |
| General Government   | 13,125                  | 13,125      | 64,173                                       | (51,048)               |
| Capital outlay   | 15,053,000              | 15,888,845  | 8,372,650                                    | 7,516,195              |
| Debt service   |                         |             | 1,388,329                                    | (1,388,329)            |
| Total expenditures   | 15,066,125              | 15,901,970  | 9,825,152                                    | 6,076,818              |
| Excess of revenues and other financing                         |                         |             |  |                        |
| sources over (under) expenditures                              | \$<br>(8,518,338)       | (9,354,183) | (1,013,905)                                  | 8,340,278              |
| Undesignated fund balance (deficit) at beginning of year       |                         |             | (1,196,650)                                  |                        |
|  |                         |             |  |                        |
| Change in other fund balance<br>components during the year (1) |                         |             | 2,101,195                                    |                        |
| Undesignated fund balance (deficit) at end of year             |                         | :           | \$ (109,360)                                 |                        |

(1) This amount represents transactions included in the Excess of Revenues and Other Financing sources over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

Exhibit 19.1

. .....

# CITY OF INDEPENDENCE, MISSOURI

# Budgetary Basis Reconciliation Schedule

# Street Improvements Sales Tax Fund

Year ended June 30, 2007

|  | Streets Improvements Sales Tax |               |  |
|--|--------------------------------|---------------|--|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None  |                                | 6,021,912     |  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$                             | 6,021,912     |  |
| <ul> <li>Uses/outflows of resources:</li> <li>Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule</li> <li>Basis differences - budget to GAAP:</li> <li>Outstanding encumbrances at year-end charged to the current year's budget (1)</li> <li>Current year expenditures of encumbrances outstanding at the end of the prior</li> </ul> | \$                             | 9,825,152<br> |  |
| fiscal year (1)<br>Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$                             | 9,825,152     |  |
| (1) Encumbrances for supplies and equipment ordered but not received are reported in t is placed for budgetary purposes, but in the year the supplies are received for financia purposes.  |                                |               |  |

purposes.

#### Exhibit 20

#### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Park Improvements Sales Tax Fund Year ended June 30, 2007

|  |      | <b>Budgeted Amounts</b> |             | Actual<br>Amounts | Variance<br>with Final |  |
|--|------|-------------------------|-------------|-------------------|------------------------|--|
|  |      | Original                | Final       | (Budget Basis)    | Budget                 |  |
| Revenues:  |      |                         |             |                   |                        |  |
| Sales taxes  | \$   | 3,977,802               | 3,977,802   | 3,892,971         | (84,831)               |  |
| Public health and recreation   |      | _                       | 91,500      | 52,320            | (39,180)               |  |
| Adventure Oasis Water Park   |      | 575,000                 | 587,500     | 462,430           | (125,070)              |  |
| Other revenue  |      | 127,500                 | 78,500      | 168,509           | 90,009                 |  |
| Total revenues   |      | 4,680,302               | 4,735,302   | 4,576,230         | (159,072)              |  |
| Other financing sources:   |      |                         |             |                   |                        |  |
| Proceeds from bond issuance  |      | 4,695,000               | 4,695,000   | 5,485,000         | 790,000                |  |
| Reoffering premium/original issue discount                               |      |                         |             | 59,345            | 59,345                 |  |
| Total other financing sources  |      | 4,695,000               | 4,695,000   | 5,544,345         | 849,345                |  |
| Total revenues and other financing sources                               |      | 9,375,302               | 9,430,302   | 10,120,575        | 690,273                |  |
| Expenditures:  |      |                         |             |                   |                        |  |
| Culture and recreation   |      | 1,965,529               | 2,260,460   | 2,011,715         | 248,745                |  |
| General government   |      |                         | 8,750       | 77,427            | (68,677)               |  |
| Capital outlay   |      | 8,616,082               | 8,614,749   | 6,948,415         | 1,666,334              |  |
| Debt service   |      | 1,206,839               | 1,206,839   | 1,282,244         | (75,405)               |  |
| Total expenditures   | •    | 11,788,450              | 12,090,798  | 10,319,801        | 1,770,997              |  |
| Excess of revenues and other financing sources over (under) expenditures | \$ ] | (2,413,148)             | (2,660,496) | (199,226)         | 2,461,270              |  |
| Undesignated fund balance (deficit) at beginning of year                 |      |                         |             | (1,510,742)       |                        |  |
| Cancellation of prior year encumbrances                                  |      |                         |             | 28,915            |                        |  |
| Change in other fund balance<br>components during the year (1)           |      |                         |             | 238,582           |                        |  |
| Undesignated fund balance (deficit) at end of year                       |      |                         | S           | (1,442,471)       |                        |  |

(1) This amount represents transactions included in the Excess of Revenues and Other Financing sources over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

### Exhibit 20.1

### **CITY OF INDEPENDENCE, MISSOURI**

.

.

# **Budgetary Basis Reconciliation Schedule**

# Park Improvements Sales Tax Fund

# Year ended June 30, 2007

| Park Improvements Sales Tax |                                    |  |
|-----------------------------|------------------------------------|--|
| \$                          | 4,576,230                          |  |
| \$                          | 4,576,230                          |  |
| \$                          | 10,319,801<br>(163,040)<br>219,765 |  |
|                             | 10,376,526                         |  |
|                             | <br>\$<br><br>\$                   |  |

 Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

#### Exhibit 21

#### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Storm Water Sales Tax Fund Year Ended June 30, 2007

|  |    | •                |             | Actual         | Variance   |
|--|----|------------------|-------------|----------------|------------|
|  |    | Budgeted Amounts |             | Amounts        | with Final |
|  |    | Original         | Final       | (Budget Basis) | Budget     |
| Revenues:  |    |                  |             |                |            |
| Sales taxes  | \$ | 3,977,802        | 3,977,802   | 3,895,405      | (82,397)   |
| Grants - federal, state and local                              |    |                  |             | 324,684        | 324,684    |
| Interest   |    | 490,000          | 490,000     | 431,463        | (58,537)   |
| Other revenue  |    | _                |             | 108,782        | 108,782    |
| Total revenues   |    | 4,467,802        | 4,467,802   | 4,760,334      | 292,532    |
| Expenditures:  |    |                  |             |                |            |
| Storm water  |    |                  |             |                |            |
| Administration   |    | 313,791          | 299,731     | 158,750        | 140,981    |
| Maintenance  |    | 1,208,682        | 994,858     | 933,681        | 61,177     |
| Permit completion  |    | 153,700          | 185,550     | 146,619        | 38,931     |
| Capital outlay   |    | 6,079,228        | 6,524,505   | 1,670,944      | 4,853,561  |
| Total expenditures   | •  | 7,755,401        | 8,004,644   | 2,909,994      | 5,094,650  |
| Excess of revenues over (under) expenditures                   | \$ | (3,287,599)      | (3,536,842) | 1,850,340      | 5,387,182  |
| Undesignated fund balance at beginning of year                 |    |                  |             | 8,180,693      |            |
| Cancellation of prior year encumbrances                        |    |                  |             | 9,098          |            |
| Change in other fund balance<br>components during the year (1) |    |                  |             | 33,002         |            |
| Undesignated fund balance at end of year                       |    |                  | :           | \$ 10,073,133  |            |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

Budgetary Basis Reconciliation Schedule

# Storm Water Sales Tax Fund

Year ended June 30, 2007

|   | ~   | Storm Water<br>Sales Tax |
|---|-----|--------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None     | \$  | 4,760,334                |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$  | 4,760,334                |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:           | \$  | 2,909,994                |
| Outstanding encumbrances at year-end charged to the current year's budget (1)<br>Current year expenditures of encumbrances outstanding at the end of the prior<br>fiscal year (1) |     | (132,454)<br>126,111     |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$_ | 2,903,651                |
| (1) Encumbrances for supplies and equipment ordered but not received are reported in the  |     | r the order              |

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

## CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Police Public Safety Sales Tax Fund Year Ended June 30, 2007

|  |    | <b>Budgeted Amounts</b> |             | Actual<br>Amounts | Variance<br>with Final |  |
|--|----|-------------------------|-------------|-------------------|------------------------|--|
|  |    | Original                | Final       | (Budget Basis)    | Budget                 |  |
| Revenues:  | •  |                         |             | <u> </u>          |                        |  |
| Sales taxes  | \$ | 2,100,523               | 2,100,523   | 2,066,938         | (33,585)               |  |
| Investment income  |    | 145,000                 | 145,000     | 141,200           | (3,800)                |  |
| Other revenue  |    |                         | —           | 3,436             | 3,436                  |  |
| Total revenues   | -  | 2,245,523               | 2,245,523   | 2,211,574         | (33,949)               |  |
| Expenditures:  |    |                         |             |                   |                        |  |
| Public safety  |    |                         |             |                   |                        |  |
| Communications   |    | 1,013,058               | 1,013,058   | 27,571            | 985,487                |  |
| Facilities   |    | 934,000                 | 934,000     | 522,594           | 411,406                |  |
| Equipment  |    | 2,070,290               | 2,073,850   | 893,717           | 1,180,133              |  |
| Debt service   |    | 514,763                 | 514,763     | 512,692           | 2,071                  |  |
| Total expenditures   | •  | 4,532,111               | 4,535,671   | 1,956,574         | 2,579,097              |  |
| Other financing uses:  |    |                         |             |                   |                        |  |
| Transfers out/capital outlay                                   |    | 122,531                 | 122,531     | 122,519           | 12                     |  |
| Total other financing uses                                     |    | 122,531                 | 122,531     | 122,519           | 12                     |  |
| Total expenditures and other financing uses                    | •  | 4,654,642               | 4,658,202   | 2,079,093         | 2,579,109              |  |
| Excess of revenues over (under) expenditures                   |    |                         |             |                   |                        |  |
| and other financing uses                                       | \$ | (2,409,119)             | (2,412,679) | 132,481           | 2,545,160              |  |
|  |    |                         |             |                   |                        |  |
| Undesignated fund balance at beginning of year                 |    |                         |             | 2,196,647         |                        |  |
| Cancellation of prior year encumbrances                        |    |                         |             | 20,011            |                        |  |
| Change in other fund balance<br>components during the year (1) |    |                         | ·           | 8                 |                        |  |
| Undesignated Fund Balance at end of year                       |    |                         |             | \$                |                        |  |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures and Other Financing Uses amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

# Exhibit 22.1

# **CITY OF INDEPENDENCE, MISSOURI**

**Budgetary Basis Reconciliation Schedule** 

Police Public Safety Sales Tax Fund

Year ended June 30, 2007

|   | Police Public Safety<br>Sales Tax |           |  |
|---|-----------------------------------|-----------|--|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None |                                   | 2,211,574 |  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$                                | 2,211,574 |  |
| Uses/outflows of resources:   |                                   |           |  |
| Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:                                      | \$                                | 1,956,574 |  |
| Outstanding encumbrances at year-end charged to the current year's budget (1)   |                                   | (364,881) |  |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)   | _                                 | 1,349,497 |  |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$                                | 2,941,190 |  |

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

•

# CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule Fire Public Safety Sales Tax Fund Year Ended June 30, 2007

|  |    | Budgeted    | Amounts     | Actual<br>Amounts | Variance<br>with Final |
|--|----|-------------|-------------|-------------------|------------------------|
|  | -  | Original    | Final       | (Budget Basis)    | Budget                 |
| Revenues:  | -  |             |             | <u>`</u>          | <u> </u>               |
| Sales taxes  | \$ | 3,977,802   | 3,977,802   | 3,891,487         | (86,315)               |
| Other revenue  |    | 211,000     | 211,000     | 190,384           | (20,616)               |
| Total revenues   | -  | 4,188,802   | 4,188,802   | 4,081,871         | (106,931)              |
| Expenditures:  |    |             |             |                   |                        |
| Public safety  |    | 1,444,494   | 1,444,494   | 838,093           | 606,401                |
| Capital outlay   |    | 5,935,373   | 5,935,373   | 999,341           | 4,936,032              |
| Debt service   |    | 553,113     | 553,113     | 549,713           | 3,400                  |
| Total expenditures   | -  | 7,932,980   | 7,932,980   | 2,387,147         | 5,545,833              |
| Other financing uses:  |    |             |             |                   |                        |
| Transfers out/capital outlay   |    | 136,002     | 136,002     | 136,002           |                        |
| Total other financing uses   |    | 136,002     | 136,002     | 136,002           |                        |
| Total expenditures and other financing uses                              | •  | 8,068,982   | 8,068,982   | 2,523,149         | 5,545,833              |
| Excess of revenues over (under) expenditures<br>and other financing uses | \$ | (3,880,180) | (3,880,180) | 1,558,722         | 5,438,902              |
| Undesignated fund balance at beginning of year                           |    |             |             | 2,986,952         |                        |
| Change in other fund balance<br>components during the year (1)           |    |             |             | (1,977,459)       |                        |
| Undesignated fund balance at end of year                                 |    |             |             | \$ 2,568,215      |                        |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures and Other Financing Uses amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

# Exhibit 23.1

# **CITY OF INDEPENDENCE, MISSOURI**

.

.

**Budgetary Basis Reconciliation Schedule** 

# Fire Public Safety Sales Tax Fund

Year ended June 30, 2007

|   | Fire Public Safety Sales Tax |                      |  |
|---|------------------------------|----------------------|--|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None     |                              | 4,081,871            |  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$                           | 4,081,871            |  |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:           | \$                           | 2,387,147            |  |
| Outstanding encumbrances at year-end charged to the current year's budget (1)<br>Current year expenditures of encumbrances outstanding at the end of the prior<br>fiscal year (1) | _                            | (443,346)<br>602,822 |  |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds  | \$_                          | 2,546,623            |  |
| (1) Encumbrances for supplies and equipment ordered but not received are reported in the  | ie veat                      | the order            |  |

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

## CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Grants Fund Year Ended June 30, 2007

|  |    | Budgeted Amounts |           | Actual<br>Amounts | Variance<br>with Final |  |
|--|----|------------------|-----------|-------------------|------------------------|--|
|  | -  | Original         | Final     | (Budget Basis)    | Budget                 |  |
| Revenues:  | -  | Original         | 11141     | (Dudget Dasis)    |                        |  |
| Grants and other shared revenue                                | \$ | 1,066,167        | 3,158,056 | 1,615,439         | (1,542,617)            |  |
| Charges for current services                                   | Ψ  | 28,657           | 86,366    | 86,366            | (1,0 (2,0 1))          |  |
| Interest income and other revenue                              |    | 20,007           | 1,861     | 1,371             | (490)                  |  |
|  | -  |                  |           |                   |                        |  |
| Total revenues   |    | 1,094,824        | 3,246,283 | 1,703,176         | (1,543,107)            |  |
| Expenditures:  |    |                  |           |                   |                        |  |
| Law department   |    | 47,624           | 101,322   | 44,269            | 57,053                 |  |
| Police department  |    | 467,796          | 2,083,038 | 1,140,595         | 942,443                |  |
| Fire department  |    | 43,000           | 91,588    | 69,257            | 22,331                 |  |
| Health department  |    | 536,404          | 786,280   | 502,696           | 283,584                |  |
| Community development  |    |                  | 184,687   | 178,078           | 6,609                  |  |
| Total expenditures   | -  | 1,094,824        | 3,246,915 | 1,934,895         | 1,312,020              |  |
| Excess of revenues over (under) expenditures                   | \$ |                  | (632)     | (231,719)         | (231,087)              |  |
| Undesignated fund balance (deficit) at beginning of year       |    |                  |           | (122,647)         |                        |  |
| Change in other fund balance<br>components during the year (1) |    |                  |           | 123,159           |                        |  |
| Undesignated fund balance (deficit) at end of year             |    |                  | :         | \$ (231,207)      |                        |  |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

Budgetary Basis Reconciliation Schedule

Grants Fund

Year ended June 30, 2007

|  |        | Grants                     |
|--|--------|----------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None  | \$     | 1,703,176                  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$     | 1,703,176                  |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>Outstanding encumbrances at year-end charged to the current year's budget (1)<br>Current year expenditures of encumbrances outstanding at the end of the prior<br>fiscal year (1) | \$     | 1,934,895<br>(231,206)<br> |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$     | 1,703,689                  |
| (1) Encumbrances for supplies and equipment ordered but not received are reported in the   | e veat | the order                  |

 Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

# CITY OF INDEPENDENCE, MISSOURI Combining Balance Sheet Nonmajor Sales Tax Funds June 30, 2007

| Assets  | _   | Street<br>Sales Tax | Parks<br>Sales Tax  | Storm Water<br>Sales Tax | Police<br>Sales Tax | Fire<br>Sales Tax | Total<br>(Exhibit 14) |
|---|-----|---------------------|---------------------|--------------------------|---------------------|-------------------|-----------------------|
| Pooled cash and investments<br>Receivables:                                     | \$  | 521,284             | 1                   | 10,434,814               | 2,509,489           | 5,181,679         | 18,647,267            |
| Taxes   |     | 833,193             | 555,795             | 555,934                  | 286,383             | 555,696           | 2,787,001             |
| Accrued interest<br>Due from other funds  |     | 10,937<br>1,422,379 | —                   | 131,977<br>16,156        |                     | 32,141            | 175,055<br>1,438,535  |
| Restricted assets   |     | 1,694,612           | 1,425,209           | 95,819                   | 54                  | 58                | 3,215,752             |
| Advance to component unit   | -   |                     | 16,500              |                          |                     |                   | 16,500                |
| Total assets  | \$_ | 4,482,405           | 1,997,505           | 11,234,700               | 2,795,926           | 5,769,574         | 26,280,110            |
| Liabilities and Fund Balances<br>Liabilities:<br>Accounts and contracts payable | \$  | 1,374,302           | 1,022,915           | 114,334                  | 43,511              | 435,907           | 2,990,969             |
| Due to other funds<br>Accrued items   |     | _                   | 1,032,957<br>26,029 | 13,782                   |                     |                   | 1,032,957<br>39,811   |
| Deferred revenue  |     |                     |                     | 95,819                   |                     |                   | 95,819                |
| Total liabilities   | _   | 1,374,302           | 2,081,901           | 223,935                  | 43,511              | 435,907           | 4,159,556             |
| Fund balances:<br>Reserved for:<br>Encumbrances<br>Other purposes               |     | 3,195,351<br>22,113 | 1,294,561<br>63,514 | 1,003,635                | 403,214<br>54       | 2,765,393<br>58   | 8,662,154<br>85,739   |
| Unreserved, reported in:<br>Special revenue funds                               |     | (109,361)           | (1,442,471)         | 10,007,130               | 2,349,147           | 2,568,216         | 13,372,661            |
| Total fund balances   | -   | 3,108,103           | (84,396)            | 11,010,765               | 2,752,415           | 5,333,667         | 22,120,554            |
| Total liabilities and fund balances   | \$_ | 4,482,405           | 1,997,505           | 11,234,700               | 2,795,926           | 5,769,574         | 26,280,110            |

### Exhibit 25

# Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Sales Tax Funds

Year ended June 30, 2007

|   | Street<br>Sales Tax         | Park<br>Improvements<br>Sales Tax         | Storm Water<br>Sales Tax                   | Police<br>Sales Tax               | Fire<br>Sales Tax            | Total<br>(Exhibit 15)  |
|---|-----------------------------|---|--|-----------------------------------|------------------------------|--|
| Revenues:   |                             |   |  |                                   |                              |  |
| Taxes<br>Intergovernmental<br>Charges for services<br>Investment income<br>Other  | \$ 5,839,961<br><br>181,951 | 3,892,971<br>514,750<br>67,957<br>100,552 | 3,895,405<br>324,684<br>431,463<br>108,782 | 2,066,938<br><br>141,200<br>3,436 | 3,891,487<br><br>190,384<br> | 19,586,762<br>324,684<br>514,750<br>1,012,955<br>212,770     |
| Total revenues  | 6,021,912                   | 4,576,230                                 | 4,760,334                                  | 2,211,574                         | 4,081,871                    | 21,651,921   |
| Expenditures:   |                             |   |  |                                   |                              |  |
| Current:<br>Public safety<br>Culture and recreation<br>Storm water<br>General government<br>Capital outlay<br>Debt service:   | <br>64,173<br>8,372,650     | 2,075,448<br>70,419<br>6,948,415          | 1,232,707<br>1,670,944                     | 2,429,827<br>                     | 997,569<br>                  | 3,427,396<br>2,075,448<br>1,232,707<br>134,592<br>17,991,350 |
| Principal<br>Interest and fiscal agent fees   | 1,210,000<br>178,329        | 945,000<br>337,244                        |  | 335,000<br>176,363                | 360,000<br>189,713           | 2,850,000<br>881,649   |
| Total expenditures  | 9,825,152                   | 10,376,526                                | 2,903,651                                  | 2,941,190                         | 2,546,623                    | 28,593,142   |
| Excess (deficiency) of revenues<br>over expenditures  | (3,803,240)                 | (5,800,296)                               | 1,856,683                                  | (729,616)                         | 1,535,248                    | (6,941,221)  |
| Other financing sources (uses):<br>Proceeds from bond issuance<br>Reoffering premium/original issue discount<br>Transfers out | 2,770,000<br>19,335         | 5,485,000<br>59,345                       |  | (122,519)                         | (136,002)                    | 8,255,000<br>78,680<br>(258,521)                             |
| Total other financing sources (uses)  | 2,789,335                   | 5,544,345                                 |  | (122,519)                         | (136,002)                    | 8,075,159  |
| Net change in fund balances   | (1,013,905)                 | (255,951)                                 | 1,856,683                                  | (852,135)                         | 1,399,246                    | 1,133,938  |
| Fund balances, beginning  | 4,122,008                   | 171,555                                   | 9,154,082                                  | 3,604,550                         | 3,934,421                    | 20,986,616   |
| Fund balances, ending   | \$3,108,103                 | (84,396)                                  | 11,010,765                                 | 2,752,415                         | 5,333,667                    | 22,120,554   |

## Exhibit 26

## CITY OF INDEPENDENCE, MISSOURI

**Combining Balance Sheet** 

# Nonmajor Capital Projects Funds

## June 30, 2007

| Assets                                      | <u>_1</u> | Revolving<br>Public<br>nprovements | Buildings<br>and Other<br>Improvements | Storm<br>Drainage | Park<br>Improvements | Total<br>(Exhibit 12) |
|---|-----------|------------------------------------|--|-------------------|----------------------|-----------------------|
| Pooled cash and investments<br>Receivables: | \$        | 19,000                             | 38,330                                 | 1                 | 9,547                | 66,878                |
| Accounts                                    | _         |                                    | 612                                    |                   |                      | 612                   |
| Total assets                                | s         | 19,000                             | 38,942                                 | 1                 | 9,547                | 67,490                |

# Liabilities and Fund Balances

| Liabilities:<br>Accounts and contracts payable<br>Due to other funds | \$<br>       | 38,792   | 16,156   |          | 38,792<br>16,156 |
|--|--------------|----------|----------|----------|------------------|
| Total liabilities  | <br>         | 38,792   | 16,156   |          | 54,948           |
| Fund balances (deficit):<br>Reserved for:<br>Encumbrances            | _            | 12,428   |          | 31,120   | 43,548           |
| Unreserved, reported in:<br>Capital projects funds                   | <br>19,000   | (12,278) | (16,155) | (21,573) | (31,006)         |
| Total fund balances (deficit)  | <br>19,000   | 150      | (16,155) | 9,547    | 12,542           |
| Total liabilities and fund balances                                  | \$<br>19,000 | 38,942   | l        | 9,547    | 67,490           |

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Nonmajor Capital Projects Funds

Year ended June 30, 2007

|  | -   | Revolving<br>Public<br>Improvements | Buildings<br>and Other<br>Improvements | Storm<br>Drainage | Park<br>Improvements | Total<br>(Exhibit 13) |
|--|-----|-------------------------------------|--|-------------------|----------------------|-----------------------|
| Revenues:<br>Intergovernmental<br>Investment income  | \$  | 787                                 | 1,783,755<br>150                       |                   | 396                  | 1,783,755             |
| Total revenues                                       |     | 787                                 | 1,783,905                              |                   | 396                  | 1,785,088             |
| Expenditures:<br>Capital outlay                      |     |                                     | 2,514,293                              |                   |                      | 2,514,293             |
| Total expenditures                                   |     |                                     | 2,514,293                              |                   |                      | 2,514,293             |
| Excess (deficiency) of revenues<br>over expenditures | _   | 787                                 | (730,388)                              |                   | 396                  | (729,205)             |
| Other financing sources (uses):<br>Transfers in      | _   | <u> </u>                            | 730,538                                |                   |                      | 730,538               |
| Total other financing sources (uses)                 | _   |                                     | 730,538                                |                   |                      | 730,538               |
| Net change in fund balances                          |     | 787                                 | 150                                    |                   | 396                  | 1,333                 |
| Fund balances (deficit), beginning                   | _   | 18,213                              |  | (16,155)          | 9,151                | 11,209                |
| Fund balances (deficit), ending                      | \$_ | 19,000                              | 150                                    | (16,155)          | 9,547                | 12,542                |

.

٠

## Exhibit 28

## **Internal Service Funds**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units on a cost-reimbursement basis.

Central Garage – This fund is used to account for costs of maintenance of the City's fleet of vehicles and mobile equipment and related charges to other departments.

**Pharmacy Benefit Plan** – This fund is used to account for the costs of the City's self-insured pharmacy/prescription plan.

Staywell Health Care - This fund is used to account for the costs of the City's self-insured healthcare plan.

# CITY OF INDEPENDENCE, MISSOURI

# Combining Statement of Net Assets

Internal Service Funds

June 30, 2007

|   |    | Central<br>Garage | Pharmacy<br>Benefit<br>Plan | Staywell<br>Health<br>Care | Total<br>(Exhibit 5) |
|---|----|-------------------|-----------------------------|----------------------------|----------------------|
| Assets:   |    |                   |                             |                            |                      |
| Current assets:   |    |                   |                             |                            |                      |
| Pooled cash and investments   | \$ | 126,382           | 1,550                       | 5,014,802                  | 5,142,734            |
| Accounts receivable   |    | 9,046             | 7,000                       | 51,689                     | 67,735               |
| Accrued interest receivable<br>Inventory                                    |    |                   | —                           | 6,006                      | 6,006                |
|   | _  | 90,526            |                             |                            | 90,526               |
| Total current assets  | _  | 225,954           | 8,550                       | 5,072,497                  | 5,307,001            |
| Noncurrent assets:<br>Property, plant, and equipment:                       |    |                   |                             |                            |                      |
| Land  |    | 93,979            |                             |                            | 93,979               |
| Depreciable property, plant, and equipment<br>Less accumulated depreciation |    | 146,481           | _                           |                            | 146,481              |
| •   | _  | (144,281)         |                             |                            | (144,281)            |
| Total noncurrent assets   | _  | 96,179            | <u> </u>                    | <u> </u>                   | 96,179               |
| Total assets  | \$ | 322,133           | 8,550                       | 5,072,497                  | 5,403,180            |
| Liabilities:<br>Current liabilities:  | _  |                   |                             |                            | <u>,</u>             |
| Accounts and contracts payable  | \$ | 45,232            | 37,777                      | _                          | 83,009               |
| Due to other funds  |    |                   | 75,000                      | —                          | 75,000               |
| Accrued liabilities   |    | 7,498             |                             |                            | 7,498                |
| Compensated absences – current<br>Medical self-insurance claims             |    | 29,535            |                             | -                          | 29,535               |
|   | _  |                   |                             | 1,215,829                  | 1,215,829            |
| Total current liabilities   | _  | 82,265            | 112,777                     | 1,215,829                  | 1,410,871            |
| Noncurrent liabilities:   |    |                   |                             |                            |                      |
| Compensated absences - long-term  |    | 43,320            |                             |                            | 43,320               |
| Total liabilities   |    | 125,585           | 112,777                     | 1,215,829                  | 1,454,191            |
| Net assets:   |    |                   |                             |                            |                      |
| Invested in capital assets, net of related debt                             |    | 96,179            |                             | _                          | 96,179               |
| Unrestricted  | _  | 100,369           | (104,227)                   | 3,856,668                  | 3,852,810            |
| Total net assets  |    | 196,548           | (104,227)                   | 3,856,668                  | 3,948,989            |
| Total liabilities and net assets  | \$ | 322,133           | 8,550                       | 5,072,497                  | 5,403,180            |
|   |    |                   |                             |                            |                      |

# CITY OF INDEPENDENCE, MISSOURI

# Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds

Year ended June 30, 2007

|   |     | Central<br>Garage                    | Pharmacy<br>Benefit<br>Plan | Staywell<br>Health<br>Care | Total<br>(Exhibit 6)                    |
|---|-----|--------------------------------------|-----------------------------|----------------------------|---|
| Operating revenues:<br>Charges for services   | \$  | 1,930,884                            | 270.216                     | 12 560 452                 | 14 761 550                              |
| Charges for services  | ° – | 1,930,884                            | 270,216                     | 12,560,452                 | 14,761,552                              |
| Total operating revenues  | -   | 1,930,884                            | 270,216                     | 12,560,452                 | 14,761,552                              |
| Operating expenses:<br>Personal services<br>Other services<br>Supplies<br>Depreciation and amortization |     | 633,877<br>358,451<br>902,035<br>550 | 382,318                     | 10,630,250                 | 633,877<br>11,371,019<br>902,035<br>550 |
| Total operating expenses  | _   | 1,894,913                            | 382,318                     | 10,630,250                 | 12,907,481                              |
| Operating income (loss)   |     | 35,971                               | (112,102)                   | 1,930,202                  | 1,854,071                               |
| Nonoperating revenues:<br>Interest revenue<br>Miscellaneous revenue                                     |     | 4,901<br>50,419                      | 875<br>7,000                | 190,977<br>640,641         | 196,753<br>698,060                      |
| Total nonoperating revenue  |     | 55,320                               | 7,875                       | 831,618                    | 894,813                                 |
| Change in net assets  |     | 91,291                               | (104,227)                   | 2,761,820                  | 2,748,884                               |
| Total net assets:<br>Beginning of the period  |     | 105,257                              |                             | 1,094,848                  | 1,200,105                               |
| End of the period   | \$  | 196,548                              | (104,227)                   | 3,856,668                  | 3,948,989                               |

# Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2007

|   |     |                                       | Internal Se                      | vice Funds                          |   |
|---|-----|---------------------------------------|----------------------------------|-------------------------------------|---|
|   | -   | Central<br>Garage                     | Pharmacy<br>Benefit Plan         | Staywell<br>Health Care             | Total<br>(Exhibit 7)                            |
| Cash flows from operations:<br>Receipts from customers<br>Payments to suppliers<br>Payments to employees  | \$  | 1,980,368<br>(1,330,322)<br>(621,566) | 270,216<br>(269,541)             | 13,197,925<br>(10,803,525)          | 15,448,509<br>(12,403,388)<br>(621,566)         |
| Net cash provided by<br>operating activities  | _   | 28,480                                | 675                              | 2,394,400                           | 2,423,555                                       |
| Cash flows from investing activities:<br>Purchases of investments<br>Proceeds from sales and maturities of investments<br>Interest on investments | _   | 4,900                                 |                                  | (1,726,799)<br>1,721,260<br>192,705 | (1,726,799)<br>1,721,260<br>198,480             |
| Net cash provided by investing activities   | _   | 4,900                                 | 875                              | 187,166                             | 192,941   |
| Net increase in cash and cash equivalents   |     | 33,380                                | 1,550                            | 2,581,566                           | 2,616,496                                       |
| Cash and cash equivalents at beginning of year  | _   | 93,003                                |                                  | 2,187,608                           | 2,280,611                                       |
| Cash and cash equivalents at end of year  |     | 126,383                               | 1,550                            | 4,769,174                           | 4,897,107                                       |
| Investments with original maturities greater than 90 days   | _   |                                       |                                  | 245,627                             | 245,627   |
| Pooled cash and investments   | \$_ | 126,383                               | 1,550                            | 5,014,801                           | 5,142,734                                       |
| Reconciliation of operating income (loss) to net cash<br>provided by operating activities:<br>Operating income (loss)                             | \$  | 35,971                                | (112,102)                        | 1,930,202                           | 1,854,071                                       |
| Adjustments not affecting cash:<br>Depreciation and amortization<br>Nonoperating Revenues<br>Change in assets and liabilities:                    | -   | 550<br>50,420                         | 7,000                            | 640,640                             | 550<br>698,060                                  |
| Accounts receivable<br>Inventory<br>Accounts and contracts payable<br>Internal balances<br>Accrued liabilities                                    |     | (938)<br>(65,960)<br>(3,906)<br>      | (7,000)<br>—<br>37,777<br>75,000 | (3,169)                             | (11,107)<br>(65,960)<br>33,871<br>75,000<br>401 |
| Other current liabilities<br>Compensated absences   | _   | 11,942                                |                                  | (173,273)                           | (173,273)<br>11,942                             |
| Total adjustments   |     | (7,491)                               | 112,777                          | 464,198                             | 569,484   |
| Net cash provided by<br>operating activities  | \$_ | 28,480                                | 675                              | 2,394,400                           | 2,423,555                                       |

# Combining Statement of Changes in Assets and Liabilities

# All Agency Funds

Year ended June 30, 2007

|  | _        | Balance<br>June 30,<br>2006 | Additions                   | Deductions                  | Balance<br>June 30,<br>2007<br>(Exhibit 8) |
|--|----------|-----------------------------|-----------------------------|-----------------------------|--|
| Flexible Benefit Plan:   |          |                             |                             |                             |  |
| Assets:<br>Pooled cash and investments<br>Liabilities:                     | \$_      | 11,499                      | 77,129                      | 54,652                      | 33,976                                     |
| Flexible benefit payable   | \$_      | 11,499                      | 507,891                     | 485,414                     | 33,976                                     |
| Susie Block Trust:<br>Assets:  |          |                             |                             |                             |  |
| Pooled cash and investments<br>Accrued interest receivable                 | \$       | 30,746<br>494               | 1,524<br>1,324              | 636<br>1,325                | 31,634<br>493                              |
|  | \$       | 31,240                      | 2,848                       | 1,961                       | 32,127                                     |
| Liabilities:<br>Funds held in escrow                                       | \$       | 31,240                      | 1,523                       | 636                         | 32,127                                     |
| Seniors Travel Programs:   |          |                             |                             |                             |  |
| Assets:<br>Pooled cash and investments                                     | \$       | 18,532                      | 63,836                      | 63,204                      | 19,164                                     |
| Liabilities:   |          |                             |                             |                             |  |
| Accounts and contracts payable<br>Funds held in escrow                     | \$<br>\$ | 25<br>18,507<br>18,532      | 62,512<br>59,960<br>122,472 | 60,943<br>60,897<br>121,840 | 1,594<br>17,570<br>19,164                  |
| All Agency Funds:<br>Assets:   |          |                             |                             |                             |  |
| Pooled cash and investments<br>Accrued interest receivable                 | \$       | 60,777<br>494               | 142,489<br>1,324            | 118,492<br>1,325            | 84,774<br>493                              |
|  | \$_      | 61,271                      | 143,813                     | 119,817                     | 85,267                                     |
| Liabilities:<br>Flexible benefit payable<br>Accounts and contracts payable | \$       | 11,499<br>25                | 507,891<br>62,512           | 485,414<br>60,943           | 33,976<br>1,594                            |
| Funds held in escrow   | \$ _     | <u>49,747</u><br>61,271     | <u>61,483</u><br>631,886    | <u>61,533</u><br>607,890    | 49,697                                     |
|  | _        |                             |                             |                             |  |

## CITY OF INDEPENDENCE, MISSOURI Combining Balance Sheet Component Unit - Tax Increment Financing June 30, 2007

| Assets  | _   | Midtown<br>Truman | RSO    | Bolger<br>Square  | Sante Fe           | Sterling<br>Village | Hartman<br>Heritage | Dromm<br>Form |
|---|-----|-------------------|--------|-------------------|--------------------|---------------------|---------------------|---------------|
| Pooled cash and investments<br>Receivables:     | \$  | 858,933           | 35,084 | 683,036           | 90,592             | 1                   | 321,684             | 651,714       |
| Taxes   |     | 127               | 12,376 | 17,000            | 1,779              | _                   | 24,000              | 19,586        |
| Accounts  |     | —                 | -      | -                 | -                  | —                   |                     | -             |
| Due from other funds                            |     | 510               |        | 40.008            | 0.965              |                     | 924,836             | 1,972         |
| Due from other governments<br>Restricted assets |     | 510               | 12,484 | 49,098<br>854,272 | 9,855<br>1,024,215 | _                   | 48,291<br>1,995,204 | 31,053        |
|   |     |                   |        |                   |                    |                     |                     |               |
| Total assets                                    | s – | 859,570           | 59,944 | 1,603,406         | 1,126,441          | <u>1</u>            | 3,314,015           | 704,325       |
| Liabilities and Fund Balances                   |     |                   |        |                   |                    |                     |                     |               |
| Liabilities:                                    |     |                   |        |                   |                    |                     |                     |               |
| Due to other funds                              |     | —                 |        | —                 | -                  | 115                 |                     | _             |
| Due to primary government                       |     |                   |        |                   |                    |                     |                     |               |
| Total liabilities                               | _   |                   |        |                   |                    | 115                 |                     |               |
| Fund balances:<br>Reserved for:                 |     |                   |        |                   |                    |                     |                     |               |
| Encumbrances                                    |     |                   | _      | _                 | 540                | _                   |                     | _             |
| Other purposes                                  |     | _                 | -      | 854,272           | 1,024,215          |                     | 1,995,204           | 31,053        |
| Unreserved, reported in:                        |     |                   |        |                   |                    |                     |                     |               |
| Capital projects funds                          | _   | 859,570           | 59,944 | 749,134           | 101,686            | (114)               | 1,318,811           | 673,272       |
| Total fund balances (deficit)                   |     | 859,570           | 59,944 | 1,603,406         | 1,126,441          | (114)               | 3,314,015           | 704,325       |
| Total liabilities and fund balances             |     | 859,570           | 59,944 | 1,603,406         | 1,126,441          |                     | 3,314,015           | 704,325       |

| Eastland<br>Center                          | North<br>Independence      | Mount<br>Washington        | Hy-Vee                        | Neland Rd<br>Auto Plaza    | Crackerneck<br>Creek                  | Cornerstone                | НСА                                   | TIF App<br>Fees         | Total   |
|---|----------------------------|----------------------------|-------------------------------|----------------------------|---------------------------------------|----------------------------|---------------------------------------|-------------------------|---|
| 885,762                                     | 12,097                     | 95,429                     | 52,018                        | 14,552                     |                                       | 36,048                     | 191,959                               | 6,178                   | 3,935,087   |
| 64,000<br>151,450<br>2,050,825<br>3,152,037 | 3,600<br>                  | 900<br>                    | 28,000<br>                    | <br><br>14,552             | 43,956,392<br>43,956,392              | <br>                       | 21,980,972<br>22,172,931              | 30<br>115<br>           | 171,368<br>30<br>924,951<br>319,443<br>71,892,933<br>77,243,812 |
| 809,408<br>809,408                          |                            |                            |                               |                            | 924,836<br>30,137<br>954,973          | <u>=</u>                   | 481,943<br>481,943                    |                         | 924,951<br>1,321,488<br>2,246,439                               |
| 2,050,825                                   | Ξ                          | Ξ                          | Ξ                             | Ξ                          | 2,000<br>43,956,392                   | =                          | 21,980,972                            | 6,678                   | 9,218<br>71,892,933   |
| 291,804<br>2,342,629<br>3,152,037           | 21,886<br>21,886<br>21,886 | 96,836<br>96,836<br>96,836 | 119,105<br>119,105<br>119,105 | 14,552<br>14,552<br>14,552 | (956,973)<br>43,001,419<br>43,956,392 | 36,048<br>36,048<br>36,048 | (289,984)<br>21,690,988<br>22,172,931 | (355)<br>6,323<br>6,323 | <u>3,095,222</u><br>74,997,373                                  |

.

Amounts reported in the government-wide statements are different because:

| Unreimbursed certified costs are reported as liabilities and expense at<br>the government-wide level, but not at the fund statement level   | (18,562,915)  |
|---|---------------|
| Interest on long-term debt is not accrued in component unit funds, but<br>rather is recognized as an expenditure when due   | (1,955,357)   |
| Long term liabilities, including TIF loans payable are not due and payable in<br>the current period and therefore are not reported in the funds, net of<br>unamortized premiums/discounts |               |
| TIF loans and obligations payable   | (148,341,172) |
| Unamortized issuance costs on TIF loans payable   | 1,293,825     |
|   |               |

Net assets (deficit) of component unit

•

s <u>(92,568,246)</u>

## CITY OF INDEPENDENCE, MISSOURI Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) Component Unit - Tax Increment Financing

Year ended June 30, 2007

|  | -     | Midtown<br>Truman     | RSO                  | Bolger<br>Square        | Sante Fe                                | Sterling<br>Village | Hartman<br>Heritage                     | Drumm<br>Farm           |
|--|-------|-----------------------|----------------------|-------------------------|---|---------------------|---|-------------------------|
| Revenues:<br>Taxes<br>Investment income<br>Developer contributions<br>Other  | s<br> | 251,241<br>32,839<br> | 132,425<br>1,121<br> | 1,169,338<br>96,592<br> | 12,979<br>104,986<br>645,599<br>115,816 | 8,101<br>82<br>     | 1,618,896<br>197,444<br>                | 306,176<br>29,949<br>   |
| Total revenues   | _     | 284,080               | 133,546              | 1,265,930               | 879,380                                 | 8,183               | 1,816,340                               | 336,125                 |
| Expenditures:<br>Capital outlay<br>Debt service:<br>Principal  |       | 5,367<br>89,112       | 4,511<br>185,100     | 29,873<br>1,285,000     | 8,149<br>225,000                        | 8,162               | 53,794<br>666,622                       | 11,239<br>642,988       |
| Interest and fiscal agent fees   | _     |                       |                      | 159,908                 | 575,989                                 |                     | 1,081,406                               | 531,407                 |
| Total expenditures   | _     | 94,479                | 189,611              | 1,474,781               | 809,138                                 | 8,162               | 1,801,822                               | 1,185,634               |
| Excess (deficiency) of revenues<br>over expenditures   | _     | 189,601               | (56,065)             | (208,851)               | 70,242                                  | 21                  | 14,518                                  | (849,509)               |
| Other financing sources:<br>Proceeds from bond issuance<br>Reoffering premium/original issue discount<br>Refunding bond issuance<br>Payment to refunded loans escrow agent | _     | =                     |                      |                         | (176,050)<br>10,060,000<br>(9,881,140)  |                     | (102,659)<br>10,330,000<br>(10,296,478) | 995,000<br>(26,061)<br> |
| Total other financing sources  | _     |                       |                      |                         | 2,810                                   |                     | (69,137)                                | 968,939                 |
| Net change in fund balances  |       | 189,601               | (56,065)             | (208,851)               | 73,052                                  | 21                  | (54,619)                                | 119,430                 |
| Fund balances (deficit), beginning, as restated  | _     | 669,969               | 116,009              | 1,812,257               | 1,053,389                               | (135)               | 3,368,634                               | 584,895                 |
| Fund balances (deficit), ending  | _ ۲   | 859,570               | 59,944               | 1,603,406               | 1,126,441                               | (114)               | 3,314,015                               | 704,325                 |

-

| Eastland<br>Center                    | North<br>Independence | Mount<br>Washington | By-Vee             | Noland Rd<br>Auto Plaza | Crackerneck<br>Creek | Cornerstone<br>Apartments | HCA                          | TIF App<br>Fees  | Total   |
|---------------------------------------|-----------------------|---------------------|--------------------|-------------------------|----------------------|---------------------------|------------------------------|------------------|---|
| 3,141,480<br>275,552                  | 81,715<br>1,041       | 89,763<br>2,884     | 627,586<br>6,804   | 12,410<br>712           | 2,698,110            | 287,499<br>12,647         | 89,728<br>170,870            | 315              | 7,829,337<br>3,631,948                                |
|                                       |                       |                     |                    |                         |                      |                           |                              |                  | 645,599<br>115,816                                    |
| 3,417,032                             | 82,756                | 92,647              | 634,390            | 13,122                  | 2,698,110            | 300,146                   | 260,598                      | 315              | 12,222,700  |
| 2,520,300                             | 1,545                 | 1,883               | 12,485             | 32,622                  | 15,512,046           | 5,152                     | 2,047,654                    | 4,810            | 20,259,592  |
| 950,000<br>1,238,733                  | 14,137<br>56,614      |                     | 407,897<br>217,868 |                         | 3,886,135            | 342,417<br>205,167        | 381,260                      |                  | 4,808,273<br>8,334,487                                |
| 4,709,033                             | 72,296                | 1,883               | 638,250            | 32,622                  | 19,398,181           | 552,736                   | 2,428,914                    | 4,810            | 33,402,352  |
| (1,292,001)                           | 10,460                | 90,764              | (3,860)            | (19,500)                | (16,700,071)         | (252,590)                 | (2,168,316)                  | (4,495)          | (21,179,652)  |
| 168,948<br>19,390,000<br>(19,853,421) | =                     | =                   | _                  | =                       |                      | -                         | 24,700,000<br>(264,470)<br>— | · <del>· ·</del> | 25,695,000<br>(400,292)<br>39,780,000<br>(40,031,039) |
| (294,473)                             |                       |                     |                    |                         |                      |                           | 24,435,530                   |                  | 25,043,669  |
| (1,586,474)                           | 10,460                | 90,764              | (3,860)            | (19,500)                | (16,700,071)         | (252,590)                 | 22,267,214                   | (4,495)          | 3,864,017   |
| 3,929,103                             | 11,426                | 6,072               | 122,965            | 34,052                  | 59,701,490           | 288,638                   | (576,226)                    | 10,818           | 71,133,356  |
| 2,342,629                             | 21,886                | 96,836              | 119,105            | 14,552                  | 43,001,419           | 36,048                    | 21,690,988                   | 6,323            | 74,997,373  |

.

Amounts reported in the government-wide statements are different because:

| Change in fund balances  |   | \$<br>3,864,017   |
|--|---|---|
| Unreimbursed certified costs are report<br>government-wide level | ed as liabilities and expenses at the   | (6,856,837)   |
| of net assets. This is the amount by wh                          | erm liabilities in the statement of net<br>an expenditure in Tax Increment<br>uces long-term liabilities in the statement<br>ich proceeds exceeded net assets.<br>sport the effect of issuance costs, premiums,<br>is first issued, whereas these amounts<br>nent of activities. This amount is the |   |
|  | Loan proceeds<br>Reoffering premium/original issue discount<br>Payment to refunded bond escrow agent<br>Principal payments<br>Amortizations of discounts & premiums   | (65,475,000)<br>400,292<br>40,031,039<br>4,808,273<br>(156,697) |

Accrued interest

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the Tax Increment Financing funds.

### (273,226)

Change in net assets of Tax Increment Financing funds

s <u>(23,658,139)</u>

(20,392,093)

# CITY OF INDEPENDENCE, MISSOURI

-

# Schedules of Operating Expenses - Power and Light Fund

# Years ended June 30, 2007 and 2006

|   |    |            | 2007             |    |                         |            | 2006              |                         |
|---|----|------------|------------------|----|-------------------------|------------|-------------------|-------------------------|
|   |    | Operations | Maintenance      |    | Total                   | Operations | Maintenance       | Total                   |
| Production fuel:                                    |    |            |                  |    |                         |            |                   |                         |
| Coal  |    |            |                  | \$ | 12,622,306              |            |                   | 11,570,449              |
| Gas<br>Oil  |    |            |                  |    | 954,560                 |            |                   | 1,162,206               |
|   |    |            |                  | -  | 258,367                 |            |                   | 340,946                 |
| Total production fuel                               |    |            |                  | -  | 13,835,233              |            |                   | 13,073,601              |
| Purchased power:<br>Purchased energy                |    |            |                  |    | 04 000 000              |            |                   | 21.270.760              |
| Purchased energy<br>Purchased capacity (net)        |    |            |                  |    | 24,837,788<br>7,570,000 |            |                   | 21,370,750<br>7,430,000 |
| Border customers                                    |    |            |                  |    | 25,301                  |            |                   | 27,555                  |
| Control and dispatching                             |    |            |                  | -  | 732,995                 |            |                   | 707,200                 |
| Total purchased power                               |    |            |                  | _  | 33,166,084              |            |                   | 29,535,505              |
| Production (other):                                 |    |            |                  |    |                         |            |                   |                         |
| Blue Valley Station:<br>Supervision and engineering | s  | 537,061    | 560,579          |    | 1,097,640               | 513,343    | 662,538           | 1,175,881               |
| Steam   | J. | 753,929    | 2,561,813        |    | 3,315,742               | 720,001    | 2,637,791         | 3,357,792               |
| Electric  |    | 731,897    | 1.017.536        |    | 1,749,433               | 701,830    | 505,519           | 1,207,349               |
| Structures and improvements                         |    |            | 65,623           |    | 65,623                  |            | 96,261            | 96,261                  |
| Allowance   |    | 127,606    | ·                |    | 127,606                 | _          |                   |                         |
| Miscellaneous                                       |    | 1,314,493  | 399,346          | _  | 1,713,839               | 904,129    | 371,835           | 1,275,964               |
|   |    | 3,464,986  | 4,604,897        | _  | 8,069,883               | 2,839,303  | 4,273,944         | 7,113,247               |
| Missouri City Station:                              |    |            |                  |    |                         |            |                   |                         |
| Supervision and engineering                         |    | 42,739     | 19,528           |    | 62,267                  | 38,642     | 67,429            | 106,071                 |
| Steam<br>Electric                                   |    | 348,196    | 772,702          |    | 1,120,898               | 370,893    | 1,436,840         | 1,807,733               |
| Structures and improvements                         |    | 357,850    | 93,684<br>71,624 |    | 451,534<br>71,624       | 376,918    | 177,614           | 554,532                 |
| Miscellaneous                                       |    | 361,105    | 199,376          |    | 560,481                 | 381,951    | 37,717<br>174,861 | 37,717<br>556,812       |
|   |    | 1,109,890  | 1,156,914        | _  | 2,266,804               | 1,168,404  | 1,894,461         | 3,062,865               |
| Combustion Turbine Station:                         |    |            |                  | _  |                         |            |                   |                         |
| Supervision and engineering                         |    | 7          | 3,396            |    | 3,403                   | -          | 3,602             | 3,602                   |
| Generation expenses                                 |    |            | 70,868           |    | 70,868                  | —          | 91,992            | 91,992                  |
| Structures and improvements                         |    |            | 24,510           |    | 24,510                  |            | 66,004            | 66,004                  |
| Miscellaneous                                       |    | 15,445     | 62,412           | -  | 77,857                  | 11,589     | 33,256            | 44,845                  |
| Teachan duration (add. )                            |    | 15,452     | 161,186          | -  | 176,638                 | 11,589     | 194,854           | 206,443                 |
| Total production (other)                            | \$ | 4,590,328  | 5,922,997        | -  | 10,513,325              | 4,019,296  | 6,363,259         | 10,382,555              |
| Transmission and distribution:<br>Transmission:     |    |            |                  |    |                         |            |                   |                         |
| Supervision and engineering                         | \$ | 163,773    | 17,308           |    | 181,081                 | 148,778    | 16,901            | 165.679                 |
| Overhead expenses                                   |    | 35,742     | 2,015            |    | 37,757                  | 21,579     | _                 | 21,579                  |
| Station expenses                                    |    | 13,414     | 197,849          |    | 211,263                 | 24,526     | 147,251           | 171,777                 |
| Wheeling charges<br>Underground line expense        |    | 1,238,314  |                  |    | 1,238,314               | 1,205,483  | _                 | 1,205,483               |
| Miscellaneous                                       |    | 1,271      | 6,511            |    | 6,511<br>1,271          | 347        |                   | 347                     |
| Total transmission                                  | •  | 1,452,514  | 223,683          | -  | 1,676,197               | 1,400,713  | 164,152           | 1,564,865               |
|   | •  |            |                  | -  | 1,070,197               | 1,400,713  | 104,152           | 1,304,803               |

.

### CITY OF INDEPENDENCE, MISSOURI

# Schedules of Operating Expenses - Power and Light Fund

Years ended June 30, 2007 and 2006

|  | 2007 |            |             | 2006 | 2006       |            |             |            |
|--|------|------------|-------------|------|------------|------------|-------------|------------|
|  | -    | Operations | Maintenance | -    | Total      | Operations | Maintenance | Total      |
| Distribution:                                  |      |            |             |      |            |            |             |            |
| Supervision and engineering                    | \$   | 89,147     | 51,930      |      | 141,077    | 72,094     | 43,687      | 115,781    |
| Overhead lines                                 |      | 822,660    | 2,593,735   |      | 3,416,395  | 736,325    | 2,629,242   | 3,365,567  |
| Station expenses                               |      | 214,058    | 394,745     |      | 608,803    | 211,618    | 359,740     | 571,358    |
| Street lights and traffic signals              |      | 240,341    | 482,928     |      | 723,269    | 163,635    | 403,352     | 566,987    |
| Meters   |      | 174,909    | 651,826     |      | 826,735    | 174,454    | 666,902     | 841,356    |
| Customer installations                         |      | 1,817      | _           |      | 1,817      | 895        | ·           | 895        |
| Underground lines                              |      | 765,826    | 609,300     |      | 1,375,126  | 618,127    | 526,954     | 1,145,081  |
| Dispatching communication                      |      | 711,237    | ·           |      | 711,237    | 653,431    |             | 653,431    |
| Line transformers                              |      | 86,711     | _           |      | 86,711     | ·          | 129,556     | 129,556    |
| Miscellaneous                                  | _    | 532,988    | 147,425     | _    | 680,413    | 588,146    | 119,313     | 707,459    |
| Total distribution                             |      | 3,639,694  | 4,931,889   | _    | 8,571,583  | 3,218,725  | 4,878,746   | 8,097,471  |
| Total transmission and distribution            | \$_  | 5,092,208  | 5,155,572   | _    | 10,247,780 | 4,619,438  | 5,042,898   | 9,662,336  |
| Customer service:                              |      |            |             | -    |            |            |             |            |
| Supervision                                    |      | •          |             | \$   | 215,582    |            |             | 236,095    |
| Meter reading                                  |      |            |             | Ψ    | 546,361    |            |             | 639,315    |
| Customer records and collections               |      |            |             |      | 1,498,331  |            |             | 1,416,847  |
| Provisions for doubtful accounts               |      |            |             |      | 666,385    |            |             | 566,899    |
| Miscellaneous                                  |      |            |             |      | 39,925     |            |             | 113,724    |
| Total customer service                         |      |            |             |      | 2,966,584  |            |             | 2,972,880  |
| General and administrative:                    |      |            |             |      |            |            |             |            |
| Salaries                                       |      |            |             |      | 734,886    |            |             | 884,108    |
| Office supplies                                |      |            |             |      | 517,742    |            |             | 562,907    |
| Insurance                                      |      |            |             | •    | 876,643    |            |             | 888,007    |
| Injuries and damage                            |      |            |             |      | 383,154    |            |             | 502,123    |
| Employee benefits                              |      |            |             |      | 3,904,850  |            |             | 3,597,333  |
| Outside services                               |      |            |             |      | 1,516,695  |            |             | 1,419,752  |
| Miscellaneous                                  |      |            |             |      | 923,913    |            |             | 1,089,413  |
| Administrative expenses – transfers            |      |            |             |      | (53,593)   |            |             | (60,227)   |
| Total general and<br>administrative            |      |            |             |      | 8 804 800  |            |             |            |
|  |      |            |             |      | 8,804,290  |            |             | 8,883,416  |
| Depreciation and amortization<br>Payroll taxes |      |            |             |      | 9,429,199  |            |             | 9,192,811  |
|  |      |            |             |      | 890,009    |            |             | 859,184    |
| Total operating expenses                       |      |            |             | \$   | 89,852,504 |            |             | 84,562,288 |

# CITY OF INDEPENDENCE, MISSOURI

# Schedule of Operating Statistics - Power and Light Fund

Year ended June 30, 2007

|  | Number of            | f customers |     |                      |                         |
|--|----------------------|-------------|-----|----------------------|-------------------------|
|  | Beginning<br>of year | End of year |     | Revenue              | KWH                     |
| Sale of electric energy:   |                      |             |     |                      |                         |
| Metered:   |                      |             |     |                      |                         |
| Residential  | 51,317               | 51,431      | \$  | 52,186,688           | 533,364,366             |
| Small general services   | 3,012                | 3,037       |     | 3,754,103            | 31,300,328              |
| General services – space heating   | 1                    | 2           |     | 1,605                | 32,798                  |
| Large general services   | 1,614                | 1,630       |     | 29,878,644           | 353,348,828             |
| Large general services – prime voltage   | 10                   | 10          |     | 1,446,941            | 19,662,520              |
| Large general services – space heating   | 2                    | 2           |     | 8,861                | 91,569                  |
| Total electric general services  | 86                   | 89          |     | 3,723,916            | 52,015,610              |
| Schools, churches, and hospitals<br>Schools, churches, and hospitals, all electric | 282<br>7             | 285         |     | 3,770,417            | 42,512,812              |
| Large power services   | 6                    | 7           |     | 258,609<br>2,850,399 | 3,481,905<br>44,685,720 |
| Sewer pumping  | 6                    | 6           |     | 2,830,399            | 1,618,656               |
| City traffic signals   | 58                   | 58          |     | 62,048               | 274,096                 |
| Wholesale (border customers)   |                      | 50          |     | 130,281              | 6,402,194               |
| Wholesale (interchange)  |                      | —           |     | 665,680              | 15,758,000              |
|  | 56,401               | 56,563      |     | 98,890,846           | 1,104,549,402           |
| Unmetered:   | <u> </u>             |             | -   |                      |                         |
| Private security lighting  | 1,564                | 1,588       |     | 284,913              | 1,387,613               |
| City public street lighting  | 11,225               | 11,489      |     | 1,152,741            | 9,248,468               |
|  | 12,789               | 13,077      |     | 1,437,654            | 10,636,081              |
| Increase in unbilled revenue   |                      |             |     | 1,571,828            | 3,747,587               |
| Other operating revenue  |                      |             | _   | 1,232,921            |                         |
| Total operating revenue and total energy sale                                      | es                   |             | \$_ | 103,133,249          | 1,118,933,070           |
| Net generation   |                      |             |     |                      | 394,541,596             |
| Wholesale power purchased  |                      |             |     |                      | 786,117,786             |
| Unintentional interchange  |                      |             |     |                      | (27,000)                |
| Net generation and power purchased   |                      |             |     |                      | 1,180,632,382           |
| Retail energy sales  |                      |             |     |                      | 1,096,772,876           |
| Wholesale (border customers) sales   |                      |             |     |                      | 22,160,194              |
| Power and light usage (building and substations)                                   |                      |             |     |                      | 1,425,761               |
| Net disposition  |                      |             |     |                      | 1,120,358,831           |
| Transmission and distribution operating loss                                       | 100                  |             |     |                      |                         |
| ransilission and distribution operating loss                                       | -CS                  |             |     |                      | \$ 60,273,551           |

# CITY OF INDEPENDENCE, MISSOURI Schedules of Operating Expenses – Water Fund Years ended June 30, 2007 and 2006

|  |                         | 2007               |                             |                     | 2006                                   |                                   |
|--|-------------------------|--------------------|-----------------------------|---------------------|--|-----------------------------------|
|  | Operations              | Maintenance        | Total                       | Operations          | Maintenance                            | Total                             |
| Production:  |                         |                    |                             |                     | ······································ |                                   |
| Source of supply:  |                         |                    |                             |                     |  |                                   |
| Supervision and engineering  | \$ 23,033               | _                  | 23,033                      | 22,936              |  | 22,936                            |
| Labor and expenses<br>Structures and improvements  | 211,547                 |                    | 211,547                     | 213,086             |  | 213,086                           |
| Miscellaneous  | —                       | 124,040            | 124,040                     | -                   | 220,469                                | 220,469                           |
| Total source of supply   | 224 580                 | 98,141             | 98,141                      |                     | 368,764                                | 368,764                           |
| Power and pumping:   | 234,580                 | 222,181            | 456,761                     | 236,022             | 589,233                                | 825,255                           |
| Supervision and engineering  | 34,052                  | 11,676             | 45 779                      | 22.047              | 10.104                                 |                                   |
| Fuel/power purchased   | 1,322,086               | 11,070             | 45,728<br>1,322,086         | 33,047<br>1,273,337 | 10,104                                 | 43,151                            |
| Labor and expenses   | 153,022                 |                    | 153,022                     | 158,719             | _                                      | 1,273,337<br>158,719              |
| Structures and improvements  |                         | 6,773              | 6,773                       |                     | 6,155                                  | 6,155                             |
| Miscellaneous  |                         | 19,781             | 19,781                      |                     | 13,064                                 | 13,064                            |
| Total power and pumping  | 1,509,160               | 38,230             | 1,547,390                   | 1,465,103           | 29,323                                 | 1,494,426                         |
| Water treatment:   |                         |                    |                             |                     |  |                                   |
| Supervision and engineering  | 41,594                  | 16,777             | 58,371                      | 38,732              | 16,110                                 | 54,842                            |
| Chemicals<br>Labor and expenses  | 849,139                 |                    | 849,139                     | 840,001             |  | 840,001                           |
| Structures and improvements  | 531,415                 |                    | 531,415                     | 520,557             | -                                      | 520,557                           |
| Miscellaneous  | _                       | 177,817<br>239,910 | 177,817<br>239,910          |                     | 21,175<br>245,543                      | 21,175<br>245,543                 |
| Total water treatment  | 1,422,148               | 434,504            | 1,856,652                   | 1,399,290           | 282,828                                | 1,682,118                         |
| Total production   | \$ 3,165,888            | 694,915            | 3,860,803                   | 3,100,415           | 901,384                                | 4,001,799                         |
| Transmission and distribution:   |                         |                    |                             |                     |  | 4,001,799                         |
| Supervision and engineering  | \$ 82,823               | 54,987             | 137,810                     | 79 ( \$2            | 61.063                                 | 120 616                           |
| Storage facilities   | 15,586                  | 49,868             | 65,454                      | 78,653<br>14,599    | 51,862<br>44,179                       | 130,515                           |
| Transmission and distribution lines  | 616,840                 | 658,592            | 1,275,432                   | 621,227             | 871,403                                | 58,778<br>1,492,630               |
| Meters   | 244,094                 | 134,429            | 378,523                     | 217,496             | 134,368                                | 351,864                           |
| Customer installations<br>Services   | 77,794                  |                    | 77,794                      | 70,746              |  | 70,746                            |
| Services<br>Hydrants   | _                       | 205,625            | 205,625                     |                     | 238,108                                | 238,108                           |
| Miscellaneous  | 409 316                 | 61,105             | 61,105                      |                     | 62,275                                 | 62,275                            |
| Total transmission and distribution  | 498,316<br>\$ 1,535,453 | 105,842            | 604,158                     | 421,622             | 95,300                                 | 516,922                           |
|  | 3 1,000,400             | 1,270,448          | 2,805,901                   | 1,424,343           | 1,497,495                              | 2,921,838                         |
| Customer service:  |                         |                    |                             |                     |  |                                   |
| Customer accounting paid and collecting:<br>Supervision  |                         |                    |                             |                     |  |                                   |
| Meter reading  |                         | \$                 | 143,076                     |                     |  | 140,454                           |
| Customer records   |                         |                    | 698,574<br>91,511           |                     |  | 688,979                           |
| Provision for uncollectible amounts  |                         |                    | 80,860                      |                     |  | 48,920<br>51,296                  |
| Total customer accounting  |                         |                    |                             |                     |  |                                   |
| paid and collecting  |                         |                    | 1,014,021                   |                     |  | 929,649                           |
| Sales promotion:<br>Expenses   |                         |                    |                             |                     |  |                                   |
| Total customer service   |                         |                    | 32,474                      |                     |  | 37,216                            |
| General and administrative:  |                         |                    | 1,046,495                   |                     |  | 966,865                           |
| Salaries   |                         |                    | 452,440                     |                     |  | <b>CP</b> ( <b>P</b> ( <b>P</b> ) |
| Office supplies and expense  |                         |                    | 286,465                     |                     |  | 506,890                           |
| Injuries and damages   |                         |                    | 467,381                     |                     |  | 339,736<br>709,429                |
| Employee benefits  |                         |                    | 1,567,553                   |                     |  | 1,433,023                         |
| Outside services<br>Miscellaneous  |                         |                    | 983,710                     |                     |  | 947,177                           |
| ·····  |                         |                    | 192,758                     |                     |  | 172,305                           |
| Total general and administrative   |                         |                    | 3,950,307                   |                     |  | 4,108,560                         |
| Depreciation and amortization<br>Payroll taxes   |                         |                    | 2,388,295                   |                     |  | 2,119,896                         |
| rayion taxes   |                         |                    | 313,998                     |                     |  | 301,881                           |
| Other  |                         |                    |                             |                     |  |                                   |
|  |                         | -                  | 63,043                      |                     |  | 85,269                            |
| Total operating expenses   |                         | -                  |                             |                     |  |                                   |
| Total operating expenses<br>Certain amounts are presented as a reduction of<br>operating expenses, whereas they are included   |                         | -                  | 63,043                      |                     |  | 85,269                            |
| Total operating expenses<br>Certain amounts are presented as a reduction of<br>operating expenses, whereas they are included<br>as miscellaneous revenue in the statement of | 10                      |                    | <u>63,043</u><br>14,428,842 |                     |  | 85,269                            |
| Total operating expenses<br>Certain amounts are presented as a reduction of<br>operating expenses, whereas they are included   | ets                     |                    | 63,043                      |                     |  | 85,269                            |

### Exhibit 37

# **CITY OF INDEPENDENCE, MISSOURI**

# Schedule of Operating Statistics - Water Fund

Year ended June 30, 2007

|   | Number of            | customers   |    |                      |                         |
|---|----------------------|-------------|----|----------------------|-------------------------|
|   | Beginning<br>of year | End of year |    | Revenue              | MGS*                    |
| Sale of water:  |                      |             |    |                      |                         |
| Residential   | 44,742               | 44,836      | \$ | 8,657,593            | 3,286,570               |
| Commercial  | 3,027                | 3,067       |    | 2,347,234            | 974,695                 |
| Industrial  | 8                    | 8           |    | 367,863              | 275,179                 |
| Public authority  | 66                   | 69          |    | 228,957              | 94,745                  |
| Resale  | 13                   | 13          |    | 5,232,779            | 4,764,000               |
| Private fire protection   | 354                  | 365         |    | 66,558               |                         |
| Public fire protection  |                      |             | _  | 641,548              | -                       |
|   | 48,210               | 48,358      |    | 17,542,532           | 9,395,189               |
| Decrease in unbilled revenue<br>Other operating revenue                 |                      |             |    | (150,474)<br>352,346 |                         |
| Total operating revenue   |                      |             | \$ | 17,744,404           |                         |
| Thousands of gallons pumped:<br>Courtney Bend Plant<br>Less total sales |                      |             |    |                      | 10,852,778<br>9,395,189 |
| Unaccounted for water   |                      |             |    |                      | 1,457,589               |
| * Thousand gallons sold.  |                      |             |    |                      | <u></u>                 |

# Schedule of Operating Statistics - Sanitary Sewer Fund

Year ended June 30, 2007

|                                  | Number of            | f customers | -  |            |           |
|----------------------------------|----------------------|-------------|----|------------|-----------|
|                                  | Beginning<br>of year | End of year |    | Revenue    | CCF*      |
| Sale of sanitary sewer services: |                      |             |    |            |           |
| Residential                      | 40,767               | 40,832      | \$ | 9,584,113  | 3,012,448 |
| Commercial:                      |                      |             |    |            |           |
| Base                             | 3,523                | 3,519       |    | 4,004,546  | 1,738,329 |
| Surcharge                        |                      |             |    | 581,344    |           |
| Contract waste treatment         | 14                   | 14          |    | 253,867    |           |
| Intermunicipal agreements:       |                      |             |    |            |           |
| Sugar Creek                      | ·                    |             |    | 84,032     |           |
| Kansas City                      | ·                    |             |    | 378,862    |           |
|                                  | 44,304               | 44,365      | -  | 14,886,764 | 4,750,777 |
| Other operating revenue          |                      |             | -  | 138,170    |           |
| Increase in unbilled revenue     |                      |             |    | 33,761     |           |
| Total operating revenue          |                      |             | \$ | 15,058,695 |           |
| W There does does to the terms   |                      |             |    |            |           |

\* Hundred cubic feet.

.

# STATISTICAL SECTION

This part of the City of Independence's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| Contents  | Tables  |
|---|---------|
| Financial Trends  |         |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.   | 1 - 4   |
| Revenue Capacity  |         |
| These schedules contain information to help the reader assess the City's most significant local revenue sources.  | 5 - 15  |
| Debt Capacity   |         |
| These schedules present information to help the reader assess the affordability of the<br>City's current levels of outstanding debt and the City's ability to issue additional debt<br>in the future  | 16 - 20 |
| Demographic and Economic Information  |         |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.  | 21 - 22 |
| Operating Information   |         |
| These schedules contain service and infrastructure data to help the reader understand<br>how the information in the City's financial report relates to the services the City provides<br>and the activities it performs.  | 23 - 25 |
| <b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year. |         |

#### City of Independence, Missouri Net Assets by Component Last Six Fiscat Years (accrual basis of accounting)

|   |     |              |              | Fiscal Year  |             |             |             |
|---|-----|--------------|--------------|--------------|-------------|-------------|-------------|
|   | _   | 2002         | 2003         | 2004         | 2005        | 2006        | 2007        |
| Governmental activities                         |     |              |              |              |             |             | ~           |
| Invested in capital assets, net of related debt | \$  | 64,450,833   | 75,199,757   | 86,613,728   | 102,014,271 | 165,333,646 | 195,251,671 |
| Restricted                                      |     | 5,523,788    | 8,932,152    | 12,415,044   | 26,147,417  | 25,262,407  | 28,164,683  |
| Unrestricted                                    |     | (37,143,473) | (43,181,083) | (48,877,412) | (5,752,346) | (4,028,884) | (3,132,802) |
| Total governmental activities net assets        | \$  | 32,831,148   | 40,950,826   | 50,151,360   | 122,409,342 | 188,567,169 | 220,283,552 |
|   |     |              |              |              |             |             |             |
| Business-type activities                        | \$  |              |              |              |             |             |             |
| Invested in capital assets, not of related debt |     | 205,396,875  | 210,181,962  | 212,840,200  | 233,908,193 | 246,080,008 | 267,330,916 |
| Restricted                                      |     | 500,000      | 500,000      | 500,000      | 500,000     | 731,652     | 731,101     |
| Unrestricted                                    | _   | 75,880,444   | 78,252,510   | 85,443,314   | 72,143,939  | 70,071,662  | 60,010,180  |
| Total business-type activities net assets       |     | 281,777,319  | 288,934,472  | 298,783,514  | 306,552,132 | 316,883,322 | 328,072,197 |
|   |     |              |              |              |             |             |             |
| Primary government                              |     |              |              |              |             |             |             |
| Invested in capital assets, net of related debt | \$  | 269,847,708  | 285,381,719  | 299,453,928  | 335,922,464 | 411,413,654 | 462,582,587 |
| Restricted                                      |     | 6,023,788    | 9,432,152    | 12,915,044   | 26,647,417  | 25,994,059  | 28,895,784  |
| Unrestricted                                    | . — | 38,736,971   | 35,071,427   | 36,565,902   | 66,391,593  | 66,042,778  | 56,877,378  |
| Total primary government net assets             | _*  | 314,608,467  | 329,885,298  | 348,934,874  | 428,961,474 | 503,450,491 | 548,355,749 |

Note: GASB 34 was implemented in the 2002 fiscal year, so only six fiscal years are shown.

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

.

#### City of Independence, Missouri Changes in Net Assets Last Six Fiscal Years (accrual basis of accounting)

|   |                |             | Fiscal Year |             |             |                |
|---|----------------|-------------|-------------|-------------|-------------|----------------|
|   | 2002           | 2003        | 2004        | 2005        | 2006        | 2007           |
| Expenses  |                | -           |             |             |             |                |
| Governmental activities:                        |                |             |             |             |             |                |
| Administrative services                         | \$ 6,840,135   | 6,846,123   | 6,808,416   | 7,148,065   | 7,363,102   | 7,749,779      |
| Public safety                                   | 31,837,122     | 33,028,116  | 32,987,626  | 35,069,866  | 36,796,996  | 38,253,819     |
| Public works                                    | 6,842,096      | 6,686,542   | 6,196,849   | 6,889,773   | 12,817,343  | 13,231,006     |
| Health and welfare                              | 2,267,210      | 2,376,921   | 2,524,823   | 2,421,255   | 2,638,369   | 2,898,542      |
| Culture and recreation                          | 3,279,161      | 3,861,827   | 4,069,244   | 4,247,735   | 5,161,139   | 6,965,260      |
| Community development                           | 3,554,250      | 3,319,609   | 3,471,030   | 3,372,610   | 3,809,726   | 4,096,835      |
| Storm water                                     | 846,628        | 1,081,513   | 1,043,573   | 1,493,534   | 1,641,992   | 2,193,290      |
| General government                              | 25,247,320     | 11,149,913  | 15,012,715  | 6,266,060   | 6,678,208   | 8,225,760      |
| Interest on long-term debt                      | 2,874,711      | 2,955,628   | 3,237,213   | 536,124     | 991,856     | 1,050,153      |
| Total governmental activitles expenses          | 83,588,633     | 71,306,192  | 75,351,489  | 67,445,022  | 77,898,731  | 84,664,444     |
| Business-type activities:                       |                |             |             |             |             |                |
| Power and light                                 | 60,903,841     | 65,841,126  | 71,641,843  | 73,531,757  | 84,564,657  | 89,265,988     |
| Water   | 14,581,301     | 15,297,405  | 15,352,095  | 16,394,488  | 17,097,507  | 17,723,114     |
| Sewer   | 11,021,666     | 11,535,324  | 11,381,487  | 11,995,774  | 12,236,654  | 12,721,171     |
| Total business-type activities expenses         | 86,506,808     | 92,673,855  | 98,375,425  | 101,922,019 | 113,898,818 | 119,710,273    |
| Total primary government expenses               | \$ 170,095,441 | 163,980,047 | 173,726,914 | 169,367,041 | 191,797,549 | 204,374,717    |
| Program Revenues<br>Governmental activities:    |                |             |             |             |             |                |
| Charges for services:                           |                |             |             |             |             |                |
| Administrative services                         | \$ 5,146,121   | 5,063,353   | 5,117,112   | 5,067,474   | 5,512,413   | 5,696,158      |
| Public safety                                   | 3,420,032      | 3,758,528   | 3,618,327   | 3,841,471   | 4,588,766   | 4,202,328      |
| Public works                                    | 640,648        | 649,768     | 1,916,080   | 802,206     | 1,003,761   | 1,338,479      |
| Health and weifare                              | 99,427         | 321,312     | 487,956     | 482,601     | 435,775     | 723,574        |
| Culture and recreation                          | 325,980        | 153,669     | 252.814     | 619,630     | 975,889     | 845,560        |
| Community development                           | 1,625,139      | 2,019,153   | 2,068,279   | 2,050,172   | 2,203,367   | 2,292,638      |
| Storm water                                     | 33,114         | (16,212)    | 2,000,219   | 2,030,172   | 2,203,307   | 2,292,000      |
| General government                              | 20.000         | 20.000      | 15,000      | -           | -           | •              |
| Operating grants and contributions              | 14,058,454     | 8,818,594   | 9,181,339   | 9,336,061   | 9,199,332   | -<br>9,957,178 |
| Capital grants and contributions                | 2,020,559      | 1,221,356   | 957,411     | 7,242,924   | 26,417,977  | 23,963,312     |
| Total governmental activities program revenues  | 27,389,474     | 22,009,521  | 23,614,318  | 29,442,539  | 50,337,280  | 49,019,227     |
| Business-type activitles:                       |                |             |             |             |             |                |
| Charges for services:                           |                |             |             |             |             |                |
| Power and light                                 | 72,278,837     | 77,276,647  | 81,333,414  | 82.592.294  | 98.278.354  | 103,133,249    |
| Water   | 15,224,354     | 15,937,835  | 16,610,572  | 17,080,050  | 18.312.720  | 17,744,404     |
| Sewer   | 12,652,848     | 12,753,946  | 13,320,317  | 13,975,780  | 14,364,165  | 15,058,695     |
| Operating grants and contributions              | 12,345         | 256         | 13,320,317  | 13,875,760  | 14,304,103  | 10,000,090     |
| Capital grants and contributions                | 1,856,784      | 847,188     | 4,031,475   | 3,491,383   | 2,964,925   | 5,562,049      |
| Total business-type activities program revenues | 102,025,168    | 106,815,872 | 115,295,778 | 117,139,507 | 133,920,164 | 141,498,397    |
|   |                |             |             |             |             |                |
| Total primary government program revenues       | \$             | 128,825,393 | 138,910,096 | 146,582,046 | 184,257,444 | 190,517,624    |

|   |                        |              | Fiscal Year  |  |              |              |
|---|------------------------|--------------|--------------|--|--------------|--------------|
|   | 2002                   | 2003         | 2004         | 2005   | 2006         | 2007         |
|   |                        |              |              |  |              |              |
| Net (expense)/revenue                               |                        |              |              |  |              |              |
| Governmental activities                             | \$ (56,199,159)        | (49,296,671) | (51,737,171) | (38,002,483)   | (27,561,451) | (35,645,217) |
| Business-type activities                            | 15,518,360             | 14,142,017   | 16,920,353   | 15,217,488   | 20,021,346   | 21,788,124   |
| Total primary government net expense                | \$ <u>(40,680,799)</u> | (35,154,654) | (34,816,818) | (22,784,995)   | (7,540,105)  | (13,857,093) |
| General Revenues and Other Changes in<br>Net Assets |                        |              |              |  |              |              |
| Governmental activities:                            |                        |              |              |  |              |              |
| Taxes   |                        |              |              |  |              |              |
| Property taxes                                      | \$ 6.020.217           | 6,104,668    | 6,458,742    | 6,564,690  | 6,895,323    | 6,952,380    |
| Sales and use taxes                                 | 33,144,312             | 34,286,925   | 35,423,599   | 33,295,203   | 37,754,853   | 37,728,799   |
| Franchise taxes                                     | 6,545,093              | 6,718,262    | 7,241,437    | 7,500,356  | 7,645,601    | 8,209,734    |
| Financial Institutions tax                          | 31,592                 | 32,412       | 29,000       | 37,149   | 22,181       | 34,802       |
| Unrestricted grants and contributions               | -                      |              | •            | •  | -            | -            |
| Investment earnings                                 | 782,241                | 404,173      | 583,364      | 922,701  | 1,385,126    | 1,785,111    |
| Miscellaneous                                       | 1,356,305              | 535,932      | 1,646,836    | 1,143,207  | 714,149      | 589,469      |
| Payments to component unit                          | -                      | •            | -            | (24,722)   | -            | •            |
| Transfers   | 8,661,735              | 9,333,977    | 9,554,727    | 10,038,823   | 13,167,930   | 13,180,055   |
| Total governmental activities                       | 56,541,495             | 57,416,349   | 60,937,705   | 59,477,407   | 67,585,163   | 68,480,350   |
| Business-type activities:                           |                        |              |              |  |              |              |
| Investment earnings                                 | 2,539,975              | 822,222      | 709,029      | 1,567,536  | 2,449,623    | 2,532,853    |
| Miscellaneous                                       | 1,297,923              | 1,526,891    | 1,774,387    | 1,022,417  | 436,132      | 47,953       |
| Transfers   | (8,661,735)            | (9,333,977)  | (9,554,727)  | (10,038,823)   | (13,167,930) | (13,180,055) |
| Total business-type activities                      | (4,823,837)            | (6,984,864)  | (7,071,311)  | (7,448,870)  | (10,282,175) | (10,599,249) |
| Total primary government                            | \$ 51,717,658          | 50,431,485   | 53,866,394   | 52,028,537   | 57,302,988   | 57,881,101   |
| Changes in Net Assets                               |                        |              |              |  |              |              |
| Governmental activities                             | \$ 342,336             | 8,119,678    | 9,200,534    | 21,474,924   | 40,023,712   | 32,835,133   |
| Business-type activities                            | 10,694,523             | 7,157,153    | 9,849,042    | 7,768,618  | 9,739,171    | 11,188,875   |
| Total primary government                            | \$ 11,036,859          | 15,276,831   | 19,049,576   | 29,243,542   | 49,762,883   | 44,024,008   |
|   | ****                   |              |              | The second division of |              |              |

Note: GASB 34 was implemented in the 2002 fiscal year, so only six fiscal years are shown.

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

#### City of Independence, Missouri Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

|                                    |    | 1998      | 1999        | 2000        | 2001       | 2002       | 2003       | 2004       | 2005        | 2006         | 2007        |
|------------------------------------|----|-----------|-------------|-------------|------------|------------|------------|------------|-------------|--------------|-------------|
| General Fund                       |    |           |             |             |            |            |            |            |             |              |             |
| Reserved                           | \$ | 2,781,988 | 1,067,199   | 1,560,069   | 1,920,726  | 2,781,944  | 2,035,038  | 1,651,092  | 1,650,890   | 1,756,039    | 2,200,693   |
| Unreserved                         |    | 5,003,772 | 5,084,981   | 4,669,292   | 6,046,268  | 4,312,262  | 2,924,267  | 3,515,412  | 3,196,765   | 6,029,008    | 4,534,005   |
| Total General Fund                 | \$ | 7,785,760 | 8,152,180   | 6,229,361   | 7,969,012  | 7,094,206  | 4,959,305  | 5,166,504  | 4,847,655   | 7,785,045    | 6,734,698   |
|                                    |    |           |             |             |            |            |            |            |             |              |             |
| All other governmental funds       |    |           |             |             |            |            |            |            |             |              |             |
| Reserved                           | \$ | 3,069,291 | 6,470,603   | 5,242,826   | 8,128,170  | 13,698,370 | 11,092,566 | 15,656,867 | 18,110,669  | 20,786,620   | 10,928,435  |
| Unreserved, reported in:           |    |           |             |             |            |            |            |            |             |              |             |
| Special revenue funds              |    | 47,796    | (2,107,166) | (1,329,923) | 615,397    | 2,377,668  | 6,324,381  | 8,619,880  | 17,461,153  | 14,250,375   | 17,620,241  |
| Capital project funds              |    | 482,056   | 2,995,634   | 14,793,222  | 11,055,378 | 4,105,260  | 4,508,288  | 2,476,752  | (3,837,893) | (10,687,320) | (1,859,546) |
| Debt service funds                 |    | •         | •           | •           |            | •          | •          | 92,704     | 92,278      | 88,300       | 82,229      |
| Permanent funds                    |    | 10,614    | 11,158      | 11,770      | 12,606     | 12,968     | 13,160     | 13,274     | 13,818      | 14,220       | 9,870       |
| Total ell other governmental funds | \$ | 3,609,757 | 7,370,429   | 18,717,895  | 19,811,551 | 20,194,284 | 21,938,395 | 26,859,477 | 31,839,823  | 24,450,195   | 26,781,029  |
|                                    | _  |           |             |             |            |            |            |            |             |              |             |

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

#### City of Independence, Missouri Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

|  | 1998                | 1999         | 2000         | 2001                    | 2002         | 2003                    | 2004                    | 2005                 | 2006                 | 2007                |
|--|---------------------|--------------|--------------|-------------------------|--------------|-------------------------|-------------------------|----------------------|----------------------|---------------------|
| Revenues   |                     | 1990         | 2000         | 2001                    | 2002         |                         | 2004                    |                      | 2000                 | 2007                |
|  |                     |              |              |                         |              |                         |                         |                      |                      |                     |
| Taxes  | \$ 28,676,729       | 31,932,412   | 38,199,482   | 43,719,249              | 45,709,622   | 47,109,855              | 49,123,780              | 47,360,251           | 52,295,777           | 52,890,913          |
| Licenses, fees and permits                       | 2,325,055           | 2,476,897    | 2,928,678    | 3,532,316               | 3,957,533    | 4,315,628               | 4,951,856               | 4,670,617            | 5,073,944            | 5,472,192           |
| Intergovernmental                                | 9,260,166           | 10,913,472   | 13,815,850   | 10,643,440              | 16,012,619   | 9,902,274               | 10,091,764              | 13,013,181           | 21,762,714           | 16,534,433          |
| Charges for services                             | 652,381             | 815,537      | 1,377,717    | 1,682,455               | 1,494,189    | 1,519,823               | 1,569,283               | 2,023,297            | 2,926,800            | 2,587,783           |
| Interfund charges for support services           | 2,749,077           | 3,070,849    | 2,889,644    | 2,757,884               | 2,791,637    | 2,704,534               | 2,767,631               | 2,700,215            | 2,949,682            | 3,105,514           |
| Fines, forfeitures, and court costs              | 2,409,688           | 2,666,064    | 2,997,092    | 3,010,798               | 3, 199, 906  | 3,502,074               | 3,219,276               | 3,521,377            | 4,023,981            | 3,900,967           |
| Investment comings                               | 608,123             | 430,556      | 852,855      | 1,570,953               | 757,872      | 381,436                 | 571,402                 | 901,209              | 1,309,569            | 1,588,358           |
| Reimbursements from component unit               |                     |              | •            | •                       | •            |                         |                         |                      |                      | 3,502,961           |
| Other  | 448,323             | 266,960      | 687,584      | 561,284                 | 1,337,102    | 649,613                 | 1,619,995               | 1,260,113            | 493,127              | 799,580             |
| Total revenues                                   | 47,129,542          | 52,572,747   | 63,728,882   | 67,478,379              | 75,260,480   | 70,085,237              | 73,914,987              | 75,450,260           | 90,835,594           | 90,382,701          |
| Expenditures                                     |                     |              |              |                         |              |                         |                         |                      |                      |                     |
| Administrative services                          | 5,354,047           | 5,628.079    | 6,021,065    | 6,343,908               | 6,477,775    | 6,542,594               | 6,593,368               | 6,618,488            | 5,897,346            | 7,592,963           |
| Public safety                                    | 24,508,015          | 28,603,191   | 30,350,187   | 29,136,004              | 31,290,454   | 32,088,292              | 32,271,567              | 35,462,979           | 38,976,460           | 39,693,647          |
| Public works                                     | 5,374,087           | 6,847,093    | 5,978,941    | 6,867,407               | 6,227,171    | 6,251,537               | 6,035,389               | 5,930,041            | 6,586,771            | 7,173,004           |
| Health and welfare                               | 1,089,234           | 1,214,950    | 1,175,739    | 1,292,388               | 2,193,035    | 2,300,201               | 2,395,294               | 2,419,833            | 2,614,557            | 2,835,949           |
| Culture and recreation                           | 2,008,489           | 2,480,903    | 3,465,943    | 4,017,381               | 2,973,715    | 3,552,903               | 3,752,185               | 4,048,187            | 4,628,228            | 5,098,828           |
| Community development                            | 3,667,407           | 1,500,797    | 1,476,358    | 4,022,061               | 3,515,626    | 3,242,153               | 3,446,574               | 3,278,951            | 3,712,454            | 4,182,354           |
| Storm water                                      | -                   | -            | -            | -                       | 815,654      | 990,671                 | 820,703                 | 1,180,789            | 1,141,595            | 1,538,857           |
| General government                               | 4,106,742           | 5,094,621    | 4,204,337    | 4,750,611               | 10,794,758   | 8,147,462               | 6,964,848               | 7,148,583            | 6,678,208            | 7,582,224           |
| Captial outlay                                   | 5,998,892           | 13,282,127   | 22,365,404   | 28,716,658              | 29,255,681   | 17,123,501              | 20,481,673              | 21,040,394           | 33,296,700           | 31,736,638          |
| Debt Service                                     |                     |              |              |                         |              |                         |                         |                      |                      |                     |
| Principal  | 844,289             | 950,267      | 3,398,532    | 3,001,233               | 1,740,531    | 2,164,932               | 3,554,106               | 1,019,196<br>246,458 | 3,230,099<br>996,600 | 3,256,394 1,001,308 |
| Interest   | 53,537,676          | 66,404,917   | 1,038,447    | 1,917,662<br>90,085,293 | 2,736,107    | 2,933,752<br>83,337,998 | 3,153,530<br>89,469,435 | 68,393,899           | 108,759,018          | 111,692,162         |
| Total expenditures                               | 53,537,676          | 66,404,917   | 79,480,953   | 90,085,293              | M8,020,507   | 83,337,998              | 89,409,435              | 66,393,699           | 100,759,010          | 111,092,102         |
| Excess of revenues                               |                     |              |              |                         |              |                         |                         |                      |                      |                     |
| over (under) expenditures                        | (6,408,334)         | (13,832,170) | (15,752,071) | (22,588,914)            | (22,760,027) | (13,252,761)            | (15,554,448)            | (12,943,639)         | (17,923,424)         | (21,309,461)        |
| Other Financing Sources (Uses)                   |                     |              |              |                         |              |                         |                         |                      |                      |                     |
| Transfera in                                     | 666,738             | 1,371,913    | 1,696,776    | 809,418                 | 1,688,134    | 1,817,327               | 651,553                 | 222,429              | 1,724,648            | 2,102,299           |
| Transfers out                                    | (1,082,329)         | (1,261,630)  | (1,719,652)  | (876,333)               | (1,838,219)  | (1,870,055)             | (809,637)               | (362,921)            | (1,181,579)          | (1,961,707)         |
| Issuance of debt                                 | •                   | 7,494,074    | 18,683,971   | 14,940,720              | 13,437,830   | 3,516,885               | 11,096,464              | 20,748,448           | -                    | 8,477,809           |
| Transtera in - utility payments in lieu of taxes | 7,995,774           | 8,318,843    | 8,430,063    | 9,507,367               | 8,811,819    | 9,386,705               | 9,712,812               | 10,179,317           | 12,624,861           | 13,039,463          |
| Sale of capital assets                           | 64,279              | 44,245       | 63,838       | 44,859                  | 168,381      | 11,109                  | 31,537                  | 56,379               | 303,255              | 50,834              |
| Total other financing sources (uses)             | 7,844,462           | 15,967,445   | 27,134,996   | 24,425,831              | 22,267,945   | 12,861,971              | 20,682,729              | 30,843,652           | 13,471,185           | 21,708,698          |
| Net change in fund balances                      | \$ <u>1,438,128</u> | 2,135,275    | 11,382,925   | 1,638,917               | (492,062)    | (390,790)               | 5,128,281               | 17,900,013           | (4,452,239)          | 399,237             |
| Debt service as a percentage                     |                     |              |              |                         | 5.070        | 7.00                    |                         | 4.05%                | 5.76%                | 5.52%               |
| of non capital expanditures                      | 2.76%               | 2.74%        | 6.05%        | 5.77%                   | 5.37%        | 7.18%                   | 8 60%                   | 1.95%                | 5./0%                | 0.027               |
|  |                     |              |              |                         |              |                         |                         |                      |                      |                     |

Note In 2005 the Tax increment Financing funds were removed from the primary government presentation and shown as a component unit.

Note: The years 1998 - 2001 include the expendable trust funds. The years 2002 - 2007 do not include expendable trust funds, but do include the permanent fund (per GASB 34 requirements).

Note: For 2005 certain amounts have been reclassified.

Table 4

-

#### City of Independence, Missouri Total City Taxable Sales by Category Last Eight Calendar Years (in thousands of dollars)

|                                    | Calendar Year |         |         |         |         |         |         |         |  |  |  |
|------------------------------------|---------------|---------|---------|---------|---------|---------|---------|---------|--|--|--|
| Sales by Retail Category:          | 1999          | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    |  |  |  |
| Apparel stores                     | \$ 5,179      | 6,626   | 6,790   | 6,531   | 6,867   | 7,895   | 9,253   | 10,607  |  |  |  |
| General merchandise                | 5,279         | 5,053   | 4,076   | 4,196   | 3,796   | 3,635   | 3,371   | 2,969   |  |  |  |
| Food stores                        | 148,340       | 152,366 | 152,067 | 150,569 | 147,796 | 159,198 | 163,242 | 165,438 |  |  |  |
| Eating and drinking establishments | 44,849        | 53,051  | 57,876  | 70,881  | 74,365  | 77,657  | 83,386  | 90,409  |  |  |  |
| Home furnishings and appliances    | 50,137        | 68,810  | 65,007  | 59,892  | 56,520  | 49,998  | 50,102  | 48,061  |  |  |  |
| Building materials and farm tools  | 2,534         | 5,824   | 7,082   | 8,091   | 8,084   | 8,615   | 7,667   | 7,575   |  |  |  |
| Construction/Remodeling            | 2,429         | 2,779   | 2,873   | 2,939   | 3,253   | 3,265   | 3,177   | 1,516   |  |  |  |
| Auto dealers and supplies          | 8,581         | 9,188   | 11,341  | 12,165  | 12,082  | 12,081  | 11,590  | 11,718  |  |  |  |
| Service stations                   | 28,512        | 34,679  | 35,082  | 40,969  | 41,741  | 47,314  | 51,165  | 50,665  |  |  |  |
| Other retail stores                | 70,475        | 85,501  | 118,621 | 121,069 | 113,820 | 80,792  | 109,099 | 109,890 |  |  |  |
| All other outlets                  | 36,836        | 43,071  | 36,625  | 41,197  | 46,787  | 37,885  | 39,487  | 44,545  |  |  |  |
| Total                              | \$ 403,151    | 466,948 | 497,440 | 518,499 | 515,111 | 488,335 | 531,539 | 543,393 |  |  |  |

Note: Amounts for 2007 are not provided due to only receiving partial year figures.

Note: Amounts for years prior to 1999 are not available.

Source: Missouri Department of Revenue

#### City of Independence, Missouri Sales Tax Rates Direct and Overlapping Governments Last Nine Calendar Years (in percent)

|   |       |       |       | Calend | ar Year |       |       |       |       |
|---|-------|-------|-------|--------|---------|-------|-------|-------|-------|
| Direct Sales Tax Rate City of Independence  | 1999  | 2000  | 2001  | 2002   | 2003    | 2004  | 2005  | 2006  | 2007  |
| General Fund                                | 1.000 | 1.000 | 1.000 | 1.000  | 1.000   | 1.000 | 1.000 | 1.000 | 1.000 |
| Street Improvements                         | 0.000 | 0.375 | 0.375 | 0.375  | 0.375   | 0.375 | 0.375 | 0.375 | 0.375 |
| Park Improvements                           | 0.000 | 0.125 | 0.125 | 0.125  | 0.125   | 0.125 | 0.250 | 0.250 | 0.250 |
| Storm Water Improvements                    | 0.000 | 0.000 | 0.000 | 0.250  | 0.250   | 0.250 | 0.250 | 0.250 | 0.250 |
| Police Public Safety                        | 0.000 | 0.000 | 0.000 | 0.000  | 0.000   | 0.000 | 0.000 | 0.125 | 0.125 |
| Fire Public Safety                          | 0.000 | 0.000 | 0.000 | 0.000  | 0.000   | 0.000 | 0.000 | 0.250 | 0.250 |
| Direct Sales Tax Rate City of Independence  | 1.000 | 1.500 | 1.500 | 1.750  | 1.750   | 1.750 | 1.875 | 2.250 | 2.250 |
| Transportation Development District         | 0.000 | 0.000 | 0.000 | 0.000  | 0.125   | 0.125 | 0.125 | 0.125 | 0.125 |
| Total Direct Sales Tax Rate                 | 1.000 | 1.500 | 1.500 | 1.750  | 1.875   | 1.875 | 2.000 | 2.375 | 2.375 |
|   |       |       |       | Calend | ar Year |       |       |       |       |
| Total Local Option Sales Tax Rate           | 1999  | 2000  | 2001  | 2002   | 2003    | 2004  | 2005  | 2006  | 2007  |
| State of Missouri                           | 4,000 | 4.000 | 4.000 | 4.000  | 4.000   | 4,000 | 4,000 | 4.000 | 4.000 |
| Mo. State Conservation                      | 0.125 | 0.125 | 0.125 | 0.125  | 0.125   | 0.125 | 0.125 | 0.125 | 0.125 |
| Mo. State Parks and Soll                    | 0.100 | 0,100 | 0.100 | 0.100  | 0.100   | 0.100 | 0.100 | 0.100 | 0.100 |
| Jackson County                              | 0.875 | 0.875 | 0.875 | 0.875  | 0.750   | 0.750 | 0.750 | 0.750 | 1.125 |
| City of Independence                        | 1.000 | 1.500 | 1.500 | 1.750  | 1.750   | 1.750 | 1.875 | 2.250 | 2.250 |
| Transportation Development District         | 0.000 | 0.000 | 0.000 | 0.000  | 0,125   | 0.125 | 0.125 | 0.125 | 0.125 |
| Total Direct and Overlapping Sales Tax Rate | 6.100 | 6,600 | 6,600 | 6.850  | 6.850   | 6.850 | 6.975 | 7.350 | 7.725 |

Note: The rate shown for the Transportation Development District is for the 39th Street corridor only.

Note: Amounts for years prior to 1999 are not available.

Source: Missourl Department of Revenue

#### City of Independence, Missouri Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

| Fiscal Year |          | Real Property |          |              |    |             |    |               |          | Other Property |           |             |    | Total Taxable     |    |              |    | Estimated     | Assessed Value  |  |
|-------------|----------|---------------|----------|--------------|----|-------------|----|---------------|----------|----------------|-----------|-------------|----|-------------------|----|--------------|----|---------------|-----------------|--|
| Ended       |          | Residential   |          | Agricultural |    | Commercial  |    |               | Personal |                | Railroads |             | •  | Assessed<br>Value |    | Total Direct |    | Market        | as a Percentage |  |
| June 30,    | Property |               | Property |              |    | Property    |    | Total         |          | Property       |           | & Utilities |    |                   |    | Tax Rate     |    | Value         | of Actual Value |  |
| 1998        | \$       | NA            | \$       | NA           | \$ | NA          | \$ | 663,252,770   | \$       | 220,203,155    | \$        | 9,949,439   | \$ | 893,405,364       | \$ | 0.7600       | \$ | 3,689,437,915 | 24.22%          |  |
| 1999        |          | NA            |          | NA           |    | NA          |    | 729,733,570   |          | 230,747,110    |           | 4,617,427   |    | 965,098,107       |    | 0.7500       |    | 4,096,490,672 | 23.56%          |  |
| 2000        |          | NA            |          | NA           |    | NA          |    | 744,308,027   |          | 236,853,824    |           | 4,984,684   |    | 986,146,535       |    | 0.7500       |    | 4,240,368,802 | 23.26%          |  |
| 2001        |          | 586,564,394   |          | 1,074,288    |    | 208,300,830 |    | 795,939,512   |          | 240,711,303    |           | 6,135,652   |    | 1,042,786,467     |    | 0.7500       |    | 4,489,104,193 | 23.23%          |  |
| 2002        |          | 599,989,193   |          | 1,076,138    |    | 214,841,925 |    | 815,907,256   |          | 256,263,298    |           | 5,927,578   |    | 1,078,098,132     |    | 0.7500       |    | 4,626,269,825 | 23.30%          |  |
| 2003        |          | 680,890,499   |          | 1,042,495    |    | 236,512,469 |    | 918,445,463   |          | 246,919,958    |           | 5,437,187   |    | 1,170,802,608     |    | 0.7500       |    | 5,089,915,714 | 23.00%          |  |
| 2004        |          | 692,984,990   |          | 1,058,124    |    | 240,816,129 |    | 934,859,243   |          | 257,027,857    |           | 5,855,433   |    | 1,197,742,533     |    | 0.6930       |    | 5,198,811,179 | 23.04%          |  |
| 2005        |          | 774,627,429   |          | 1,142,640    |    | 256,016,698 |    | 1,031,786,767 |          | 256,782,138    |           | 5,777,002   |    | 1,294,345,907     |    | 0.6930       |    | 5,675,731,312 | 22.80%          |  |
| 2006        |          | 789,999,343   |          | 1,132,567    |    | 255,766,766 |    | 1,046,898,676 |          | 266,654,033    |           | 6,349,801   |    | 1,319,902,510     |    | 0.6630       |    | 5,787,206,471 | 22.81%          |  |
| 2007        |          | 826,183,410   |          | 1,077,386    |    | 289,266,376 |    | 1,116,527,172 |          | 278,254,929    |           | 5,828,914   |    | 1,400,611,015     |    | 0.6630       |    | 6,115,085,122 | 22.90%          |  |

Note: The Jackson County Assessor's Office did not start breaking out the Real Property Into Residential, Agricultural, and Commercial until 2001.

Note: The assessed value is set at 19% for residential property; 12% for agricultural property; and 32% for commercial property of the elimated fair market value.

Note: The City does not assess taxes on personal property.

Source: Jackson County Assessor's Office and Clay County Assessor's Office.

#### City of Independence, Missouri Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years (rate per \$100 assessed value)

Table 8

.

.

|                |     |   | City Di   | ect Ra             | ites (1)   | _        | Overtapping Rates (2 & 3) |        |                                   |        |                                   |       |                   |    |       |
|----------------|-----|---|---|--------------------|--|----------|---------------------------|--------|-----------------------------------|--------|-----------------------------------|-------|-------------------|----|-------|
| Fiscal<br>Year |     | Basic/General<br>Rate   | Public Health<br>& Recreation   |                    | Debt<br>Service  |          | Total<br>Direct           | _      | Metropolitan<br>Junior<br>College | lı<br> | ndependence<br>School<br>District |       | Jackson<br>County |    | State |
| 1998           | \$  | 0.520   | \$ 0.240  | \$                 | -  | \$       | 0.760                     | \$     | 0.220                             | \$     | 4.290                             | s     | 1.073             | \$ | 0.03  |
| 1999           |     | 0.510   | 0.240   |                    | -  |          | 0.750                     |        | 0.220                             |        | 4.290                             |       | 1.093             | •  | 0.03  |
| 2000           |     | 0.510   | 0.240   |                    | -  |          | 0.750                     |        | 0.230                             |        | 4.460                             |       | 1.103             |    | 0.03  |
| 2001           |     | 0.510   | 0.240   |                    | -  |          | 0.750                     |        | 0.230                             |        | 4.460                             |       | 1.103             |    | 0.03  |
| 2002           |     | 0.510   | 0.240   |                    | -  |          | 0.750                     |        | 0.230                             |        | 4.990                             |       | 1.113             |    | 0.03  |
| 2003           |     | 0.510   | 0.240   |                    | -  |          | 0.750                     |        | 0.230                             |        | 5.190                             |       | 1.113             |    | 0.03  |
| 2004           |     | 0.471   | 0.222   |                    | -  |          | 0.693                     |        | 0.230                             |        | 5.190                             |       | 1.107             |    | 0.03  |
| 2005           |     | 0.471   | 0.222   |                    | -  |          | 0.693                     |        | 0.230                             |        | 5.190                             |       | 1.107             |    | 0.03  |
| 2006           |     | 0.451   | 0.212   |                    | -  |          | 0.663                     |        | 0.217                             |        | 5.084                             |       | 1.060             |    | 0.03  |
| 2007           |     | 0.451   | 0.212   |                    | -  |          | 0.663                     |        | 0.217                             |        | 5.084                             |       | 1.063             |    | 0.03  |
| Notes:         |     | assessed valua  | ind and Public He<br>tion. There is no  | limit or           | n the levy rate  |          |                           |        |                                   | atute: | s to \$1.00 and                   | \$.40 | per \$100.00      |    |       |
|                |     | assessed valua  | tion. There is no   | limit or           | n the levy rate  |          |                           |        |                                   | atute  | s to \$1.00 and                   | \$.40 | per \$100.00      |    |       |
|                |     | assessed valua  | tion. There is no<br>akdown for Curre   | limit or           | n the levy rate  |          |                           |        |                                   | atute: | s to \$1.00 and                   | \$.40 | per \$100.00      |    |       |
|                |     | assessed valua<br>County Tax Bre  | tion. There is no<br>akdown for Curre   | limit or           | n the levy rate<br>r:  | es for ( |                           |        |                                   | atute  | s to \$1.00 and                   | \$.40 | per \$100.00      |    |       |
|                |     | assessed valua<br>County Tax Bre<br>Health & Welfar   | tion. There is no<br>akdown for Curre<br>re Fund  | limit or           | n the levy rate<br>r:<br>0.156   | es for ( |                           |        |                                   | atute  | s to \$1.00 and                   | \$.40 | per \$100.00      |    |       |
|                |     | assessed valua<br>County Tax Bre<br>Health & Welfar<br>General Fund   | tion. There is no<br>akdown for Curre<br>re Fund  | limit or           | n the levy rate<br>r:<br>0.156<br>0.156  | es for ( |                           |        |                                   | atute  | s to \$1.00 and                   | \$.40 | per \$100.00      |    |       |
|                |     | assessed valua<br>County Tax Bre<br>Health & Welfar<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent F  | tion. There is no<br>akdown for Curre<br>a Fund<br>Fund   | limit or           | n the levy rate<br>r:<br>0.156<br>0.138<br>0.138<br>0.088<br>0.326   | es for ( |                           |        |                                   | atute  | s to \$1.00 and                   | \$.40 | per \$100.00      |    |       |
|                |     | assessed valua<br>County Tax Bre<br>Heatth & Welfar<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent F<br>Handicap  | tion. There is no<br>akdown for Curre<br>a Fund<br>Fund   | limit or           | n the levy rate<br>r:<br>0.156<br>0.156<br>0.138<br>0.088<br>0.326<br>0.077  | es for ( |                           |        |                                   | atute  | s to \$1.00 and                   | \$.40 | per \$100.00      |    |       |
|                |     | assessed valua<br>County Tax Bre<br>Health & Weffar<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent F<br>Handicap<br>Mental Health   | tion. There is no<br>akdown for Curre<br>a Fund<br>Fund   | limit or           | n the levy rate<br>r:<br>0.156<br>0.156<br>0.138<br>0.088<br>0.326<br>0.077<br>0.123                                   | es for ( |                           |        |                                   | atute  | s to \$1.00 and                   | \$.40 | per \$100.00      |    |       |
|                | (2) | assessed valua<br>County Tax Bre<br>Health & Welfar<br>General Fund<br>Road & Bridge I<br>Park Fund<br>Mid-Continent F<br>Handicap<br>Mental Health<br>Total County   | tion. There is no<br>akdown for Curre<br>re Fund<br>Fund<br>Public LIbrary  | limit or<br>nt Yea | n the levy rate<br>r:<br>0.156<br>0.158<br>0.138<br>0.088<br>0.326<br>0.077<br>0.123<br>1.063                          | es for ( | General Debt a            | and li | nterest.                          |        |                                   |       |                   |    |       |
|                | (2) | assessed valua<br>County Tax Bre<br>Health & Welfar<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent F<br>Handicap<br>Mental Health<br>Total County<br>Three other sch  | tion. There is no<br>akdown for Curre<br>re Fund<br>Fund<br>Public Library<br>001 districts are in                                      | limit or<br>nt Yea | n the levy rate<br>r:<br>0.156<br>0.158<br>0.138<br>0.088<br>0.326<br>0.077<br>0.123<br>1.063                          | es for ( | General Debt a            | and li | nterest.                          |        |                                   |       |                   |    |       |
|                | (2) | assessed valua<br>County Tax Bre<br>Heatth & Welfal<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent F<br>Handicap<br>Mental Health<br>Total County<br>Three other sch<br>in these district:                  | tion. There is no<br>akdown for Curre<br>a Fund<br>Fund<br>Public Library<br>pool districts are in<br>s are:                            | limit or<br>nt Yea | n the levy rate<br>r:<br>0.156<br>0.158<br>0.088<br>0.326<br>0.077<br>0.123<br>1.063<br>ackson Count                   | es for ( | General Debt a            | and li | nterest.                          |        |                                   |       |                   |    |       |
|                | (2) | assessed valua<br>County Tax Bre<br>Heatth & Welfal<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent F<br>Handicap<br>Mental Health<br>Total County<br>Three other sch<br>in these district<br>Fort Osage Rec | tion. There is no<br>akdown for Curre<br>'e Fund<br>Fund<br>Public Library<br>ool districts are in<br>s are:<br>organized #1            | limit or<br>nt Yea | n the levy rate<br>r:<br>0.156<br>0.156<br>0.138<br>0.088<br>0.326<br>0.077<br>0.123<br>1.063<br>ackson Count<br>4.959 | es for ( | General Debt a            | and li | nterest.                          |        |                                   |       |                   |    |       |
|                | (2) | assessed valua<br>County Tax Bre<br>Heatth & Welfal<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent F<br>Handicap<br>Mental Health<br>Total County<br>Three other sch<br>in these district:                  | tion. There is no<br>akdown for Curre<br>re Fund<br>Fund<br>Public Library<br>public Library<br>s are:<br>prganized #1<br>porganized #1 | limit or<br>nt Yea | n the levy rate<br>r:<br>0.156<br>0.158<br>0.088<br>0.326<br>0.077<br>0.123<br>1.063<br>ackson Count                   | es for ( | General Debt a            | and li | nterest.                          |        |                                   |       |                   |    |       |

delinquery. Collections are enforced through the attachment and sale of the property. Commercial real property is also assessed an additional "replacement tax" of 1.437 per \$100 assessed value.

#### City of Independence, Missouri Principal Property Taxpayers Current Year and Nine Years Ago

|                                     |    |            | 2007 |                     |    |            | 1998 |                     |
|-------------------------------------|----|------------|------|---------------------|----|------------|------|---------------------|
|                                     | _  | Total      |      | Percentage of Total |    | Total      |      | Percentage of Total |
|                                     |    | Assessed   |      | Taxable Assessed    |    | Assessed   |      | Taxable Assessed    |
| Taxpayer                            |    | Value      | Rank | Value               | ·  | Vatue      | Rank | Value               |
| Simon Property Group LP             | \$ | 19,238,350 | 1    | 1.51%               | \$ | 14,647,130 | 1    | 2.19%               |
| DDR MDT Independence Commons LLC    |    | 9,611,830  | 2    | 0.75%               |    |            |      |                     |
| Geospace                            |    | 8.846.690  | 3    | 0.69%               |    | 7,807,220  | 2    | 1,17%               |
| Sprint Spectrum                     |    | 5,607,925  | 4    | 0.44%               |    |            | -    |                     |
| Bradley Operating LTD PTP           |    | 5,499,410  | 5    | 0.43%               |    |            |      |                     |
| Burd & Fletcher Co                  |    | 5,157,954  | 6    | 0.41%               |    |            |      |                     |
| Notand Fashion Square Partners      |    | 5,103,999  | 7    | 0.40%               |    | 6,128,010  | 3    | 0.92%               |
| Unilever Bestfoods NA               |    | 4,751,475  | 8    | 0.37%               |    |            |      |                     |
| Southern Union Company              |    | 4,257,589  | 9    | 0.33%               |    | 3,413,960  | 6    | 0.51%               |
| Mansion Apartments LLC              |    | 3,321,200  | 10   | 0.26%               |    |            |      |                     |
| Wild Woodys                         |    |            |      |                     |    | 4,976,000  | 4    | 0.75%               |
| Southwestern Bell                   |    |            |      |                     |    | 3,860,123  | 5    | 0.58%               |
| Independence Apartments Association |    |            |      |                     |    | 3,458,000  | 7    | 0.52%               |
| Galen of Kansas City Inc.           |    |            |      |                     |    | 3.018.240  | 8    | 0.45%               |
| Commercial Distribution Center      |    |            |      |                     |    | 2,993,320  | 9    | 0.45%               |
| KCP & L                             |    |            |      |                     |    | 2,414,888  | 10   | 0.36%               |
| Total                               | \$ | 71,396,422 |      | 5.61%               | s  | 52,716,891 |      | 7.90%               |

Source: Jackson County Collection Department

.

.

.

Table 10

#### City of Independence, Missouri Property Tax Levies and Collections Last Ten Fiscal Years

|                               |    |                                 | Collected within Fis | scal Year of Levy     |    |                                    |    | Total Collection | ons to Date           |
|-------------------------------|----|---------------------------------|----------------------|-----------------------|----|------------------------------------|----|------------------|-----------------------|
| Fiscal Year<br>Ended June 30, | -  | Taxes Levied<br>for Fiscal Year | <br>Amount           | Percentage<br>of Levy | -  | Collections in<br>Subsequent Years | _  | Amount           | Percentage<br>of Levy |
| 1998                          | \$ | 4,984,727                       | \$<br>4,644,002      | 93.16%                | \$ | 340,618                            | \$ | 4,984,620        | 100.00%               |
| 1999                          |    | 5,034,573                       | 4,856,639            | 96.47%                |    | 177,331                            |    | 5,033,970        | 99.99%                |
| 2000                          |    | 5,490,069                       | 5,135,996            | 93.55%                |    | 349,922                            |    | 5,485,918        | 99.92%                |
| 2001                          |    | 5,569,000                       | 5,253,285            | 94.33%                |    | 315,601                            |    | 5,568,886        | 100.00%               |
| 2002                          |    | 5,973,598                       | 5,684,526            | 95.16%                |    | 285,234                            |    | 5,969,760        | 99.94%                |
| 2003                          |    | 6,048,517                       | 5,729,077            | 94.72%                |    | 316,074                            |    | 6,045,151        | 99.94%                |
| 2004                          |    | 6,331,853                       | 6,084,821            | 96.10%                |    | 237,609                            |    | 6,322,430        | 99.85%                |
| 2005                          |    | 6,446,609                       | 6,164,479            | 95.62%                |    | 263,043                            |    | 6,427,522        | 99.70%                |
| 2006                          |    | 6,829,053                       | 6,557,341            | 96.02%                |    | 156,403                            |    | 6,713,744        | 98.31%                |
| 2007                          |    | 6,930,732                       | 6,645,387            | 95.88%                |    | -                                  |    | 6,645,387        | 95.88%                |

#### City of independence, Missouri Total Utility Salas by Category Last Ten Fiscal Years

|                         | Calendar Year |            |            |             |            |             |             |             |             |            |  |  |  |
|-------------------------|---------------|------------|------------|-------------|------------|-------------|-------------|-------------|-------------|------------|--|--|--|
| Sales by Category.      | 1998          | 1999       | 2000       | 2001        | 2002       | 2003        | 2004        | 2005        | 2006        | 2007       |  |  |  |
| Power and Light:        |               |            |            |             |            |             |             |             |             |            |  |  |  |
| Rosidential             | \$ 33,949,000 | 34,915,000 | 34,556,000 | 41,167,000  | 37,562,000 | 40,254,000  | 42,431,000  | 41,375,000  | 50,668,000  | 53,326,00  |  |  |  |
| Commercial              | 25,454,000    | 26,133,000 | 27,053,000 | 32,622,000  | 30,760,000 | 32,429,000  | 34,242,000  | 36,011,000  | 40,881,000  | 43,673,00  |  |  |  |
| Industrial              | 2,371,000     | 2,434,000  | 1,992,000  | 2,490,000   | 2,214,000  | 2,019,000   | 2,139,000   | 2,504,000   | 2,649,000   | 2,891,00   |  |  |  |
| Sold to Other Utilities | 1,382,000     | 1,443,000  | 2,708,000  | 1,406,000   | 131,000    | 809,000     | 689,000     | 779,000     | 1,839,000   | 796,00     |  |  |  |
| Other                   | 671,000       | 685,000    | 715,000    | 627,000     | 824,000    | 881,000     | 941,000     | 1,008,000   | 1,128,000   | 1,214,00   |  |  |  |
| Water:                  |               |            |            |             |            |             |             |             |             |            |  |  |  |
| Residential             | 7,359,247     | 7,197,098  | 7,777,844  | 7,552,382   | 7,543,113  | 8,046,353   | 8,141,479   | 7,789,773   | 8,488,894   | 8,857,59   |  |  |  |
| Commercial              | 1,925,840     | 1,888,654  | 2,014,589  | 2,032,338   | 2,025,449  | 2,185,099   | 2,152,295   | 2,053,011   | 2,245,526   | 2,347,23   |  |  |  |
| Industrial              | 238,872       | 219,180    | 225,018    | 215,619     | 256,478    | 324,228     | 338,707     | 331.251     | 362,537     | 367,86     |  |  |  |
| Public Authority        | 105,014       | 124,333    | 123,779    | 124,919     | 131,219    | 169,383     | 174,092     | 189,489     | 231,257     | 228,95     |  |  |  |
| Sold to Other Utilities | 3,854,738     | 3,801,176  | 4,131,174  | 4,165,235   | 4,378,138  | 4,302,002   | 4,950,287   | 5,670,010   | 5,858,904   | 5,232,77   |  |  |  |
| Other                   | 790,902       | 796,400    | 817,473    | 846,602     | 856,918    | 856,811     | 934,326     | 960,563     | 968,733     | 1,060,45   |  |  |  |
| Sowor:                  |               |            |            |             |            |             |             |             |             |            |  |  |  |
| Residential             | 7,316,053     | 7,724,284  | 7,898,920  | 8,015,061   | 8,037,051  | 8,144,267   | 8,570,232   | 8,634,127   | 9,196,013   | 9,584,11   |  |  |  |
| Commercial              | 3,916,617     | 4,030,709  | 3,998,924  | 4,024,645   | 3,872,212  | 3,941,123   | 3,964,736   | 4,322,804   | 4,364,268   | 4,585,89   |  |  |  |
| Other                   | 781,438       | 871,415    | 756,543    | 844,729     | 728,334    | 643,687     | 707,755     | 797,791     | 774,222     | 854,93     |  |  |  |
| Total                   | \$ 90,115,719 | 92,263,249 | 94,768,264 | 106,333,530 | 99,319,912 | 105,004,953 | 110,373,909 | 112,625,819 | 129,655,354 | 134,819,81 |  |  |  |

126

.

#### City of Independence, Missouri Total Utility Rates by Category Last Ten Fiscal Years

|                             |     |      |       |       |       | Calend | tar Year |       |       |       |       |
|-----------------------------|-----|------|-------|-------|-------|--------|----------|-------|-------|-------|-------|
| Rates by Category:          |     | 3    | 1999  | 2000  | 2001  | 2002   | 2003     | 2004  | 2005  | 2006  | 2007  |
|                             |     |      |       |       |       |        |          |       |       |       |       |
| Power and Light (per Kwh):  | \$  |      |       |       |       |        |          |       |       |       |       |
| Residential                 |     | 0.07 | 0.08  | 0.08  | 0.08  | 0.08   | 0.08     | 0.08  | 0.08  | 0 09  | 0.10  |
| Commercial                  |     | 0.06 | 0.06  | 0,06  | 0.07  | 0.07   | 0.07     | 0.07  | 0.07  | 0.08  | 0 09  |
| industrial                  |     | 0 04 | 0.04  | 0 04  | 0.05  | 0.05   | 0.05     | 0.05  | 0.05  | 0.06  | 0.06  |
| Sold to Other Utilities     |     | 0.10 | 0.08  | 0,07  | 0.05  | 0.02   | 0.03     | 0.03  | 0.03  | 0.04  | 0.04  |
| Other                       |     | 0.07 | 0.07  | 0.08  | 0 09  | 0.09   | 0.10     | 0.10  | 0.11  | 0.12  | 0.13  |
| Water (per 1,000 gallons);  |     |      |       |       |       |        |          |       |       |       |       |
| Residential                 |     | 2.37 | 2.39  | 2.34  | 2.37  | 2.37   | 2.35     | 2.37  | 2.49  | 2.54  | 2.63  |
| Commercial                  |     | 2.15 | 2.16  | 2,15  | 2.15  | 2.17   | 2 16     | 2.18  | 2.27  | 2.34  | 2.41  |
| Industrial                  |     | 1.19 | 1,11  | 1.11  | 1.15  | 1.09   | 1.10     | 1.12  | 1.14  | 1.31  | 1.34  |
| Public Authority            |     | 1.99 | 1.96  | 1.97  | 1.94  | 1.97   | 1.94     | 2.02  | 2.28  | 2.34  | 2.42  |
| Sold to Other Utilities     |     | 0.94 | 0.94  | 0.94  | 0.94  | 0.94   | 1.01     | 1.02  | 1.17  | 1,21  | 1.10  |
| Sewer (per 100 cubic feet). |     |      |       |       |       |        |          |       |       |       |       |
| Residential                 |     | 2.67 | 2.60  | 2.76  | 2.71  | 2.75   | 2 75     | 2.77  | 2.97  | 3 13  | 3 18  |
| Commercial                  |     | 2.21 | 2.23  | 2.22  | 2.08  | 2.15   | 2.26     | 2.34  | 2.32  | 2.46  | 2.64  |
| Total                       | \$1 | 3.87 | 13.93 | 13.82 | 13.69 | 13.74  | 13.89    | 14.17 | 14.98 | 15.72 | 16.13 |

#### City of Independence, Missouri Principal Utility Payers -Power and Light Current Year and Nine Years Ago

|  |                |           | 2007 |                     | <br>· · · · · · · · · · · · · · · · · · · | 1998 |                              |
|--|----------------|-----------|------|---------------------|---|------|------------------------------|
| Utility Customer - Power and Light     | Total<br>Sales |           | Rank | Percentage of Total | <br>Total<br>Sales                        | Rank | Percentage of Total<br>Sales |
| Unilever (Thomas J. Lipton Co)         | \$             | 1,436,959 | 1    | 1.41%               | \$<br>800,926                             | 1    | 1.25%                        |
| Simon Properties Group                 |                | 1,016,115 | 2    | 1.00%               | 793,327                                   | 2    | 1.24%                        |
| Commercial Distributions Center        |                | 960,920   | 3    | 0.94%               | 632,841                                   | 3    | 0.99%                        |
| Burd and Fletcher (5151 Geospace)      |                | 777,816   | 4    | 0.76%               |   |      |                              |
| Price Chopper (Noland Road)            |                | 469,382   | 5    | 0.46%               |   |      |                              |
| ndependence Regional Health Center     |                | 463,120   | 6    | 0.45%               | 342,666                                   | 7    | 0.54%                        |
| rice Chopper (23rd Street)             |                | 440,434   | 7    | 0.43%               |   |      |                              |
| Burd and Flectcher (3000 Geospace)     |                | 404,119   | 8    | 0.40%               |   |      |                              |
| City's Rock Creek Sanitary Sewer Plant |                | 391,850   | 9    | 0.38%               | 354,995                                   | 6    | 0.56%                        |
| Costco Wholesales Inc.                 |                | 387,244   | 10   | 0.38%               |   |      |                              |
| GCO Material Group                     |                |           |      |                     | 481,678                                   | 4    | 0.75%                        |
| Burd and Fletcher                      |                |           |      |                     | 413,818                                   | 5    | 0.65%                        |
| rice Chopper                           |                |           |      |                     | 311,589                                   | 8    | 0.49%                        |
| ledical Center of Independence         |                |           |      |                     | 253,444                                   | 9    | 0.40%                        |
| RLDS Audliorium                        |                |           |      |                     | 247,280                                   | 10   | 0.39%                        |

| Total | \$ 6,747,959 | 6.62% \$ 4,632,564 | 7.26% |
|-------|--------------|--------------------|-------|
|       |              |                    |       |

.

#### City of Independence, Missouri Principal Utility Payers -Water Current Year and Eight Years Ago

|                               | <br>               | 2007 |                              | <br>1999           |      |                              |  |  |  |  |
|-------------------------------|--------------------|------|------------------------------|--------------------|------|------------------------------|--|--|--|--|
| Utility Customer - Water      | <br>Total<br>Sales | Rank | Percentage of Total<br>Sales | <br>Total<br>Sales | Rank | Percentage of Total<br>Sales |  |  |  |  |
| Lee's Summit                  | \$<br>2,938,404    | 1    | 16.42%                       | \$<br>1,795,794    | 1    | 12.80%                       |  |  |  |  |
| Blue Springs                  | 1,368,662          | 2    | 7.65%                        | 840,568            | 2    | 5.99%                        |  |  |  |  |
| District #1, Lafayette County | 321,207            | 3    | 1.79%                        | 204,792            | 4    | 1.46%                        |  |  |  |  |
| District #2, Jackson County   | 313,931            | 4    | 1.75%                        | 265,737            | 3    | 1.89%                        |  |  |  |  |
| Oak Grove                     | 305,270            | 5    | 1.71%                        | 208,468            | 5    | 1.49%                        |  |  |  |  |
| Grain Valley                  | 219,137            | 6    | 1.22%                        | 135,709            | 6    | 0.97%                        |  |  |  |  |
| District #15, Jackson County  | 167,758            | 7    | 0.94%                        | 106,188            | 7    | 0.76%                        |  |  |  |  |
| Lafarge Corporation           | 153,429            | 8    | 0.86%                        |                    |      |                              |  |  |  |  |
| Buckner                       | 141,431            | 9    | 0.79%                        | 101,508            | 9    | 0.72%                        |  |  |  |  |
| Lipton Tea                    | 130,447            | 10   | 0.73%                        | 104,081            | 8    | 0.74%                        |  |  |  |  |
| Sugar Creek                   |                    |      |                              | 65,389             | 10   | 0.47%                        |  |  |  |  |

Total

\$\_\_\_\_\_6,059,676

33.86% \$ 3,828,234

27.29%

#### City of Independence, Missouri Principal Utility Payers -Sewer Current Year and Eight Years Ago

|                                     | <br>               | 2007 |                              | <br>1999           |      |                              |  |  |  |  |
|-------------------------------------|--------------------|------|------------------------------|--------------------|------|------------------------------|--|--|--|--|
| Utility Customer - Sewer            | <br>Total<br>Sales | Rank | Percentage of Total<br>Sales | <br>Total<br>Sales | Rank | Percentage of Total<br>Sales |  |  |  |  |
| Thomas J. Lipton                    | \$<br>469,393      | 1    | 3.12%                        | \$<br>560,640      | 1    | 4.44%                        |  |  |  |  |
| AMOCO                               | 166,465            | 2    | 1.11%                        | 367,338            | 2    | 2.91%                        |  |  |  |  |
| City of Independence, Power & Light | 165,058            | 3    | 1.10%                        | 223,680            | 3    | 1.77%                        |  |  |  |  |
| Independence Regional Health Center | 44,169             | 4    | 0.29%                        | 44,493             | 5    | 0.35%                        |  |  |  |  |
| Simon Properties Group              | 36,923             | 5    | 0.25%                        | 15,009             | 7    | 0.12%                        |  |  |  |  |
| Commercial Distribution             | 28,110             | 6    | 0.19%                        | 21,898             | 6    | 0.17%                        |  |  |  |  |
| Medical Center of Independence      | 21,676             | 7    | 0.14%                        |                    |      |                              |  |  |  |  |
| Price Chopper                       | 17,350             | 8    | 0.12%                        |                    |      |                              |  |  |  |  |
| Community of Christ                 | 8,130              | 9    | 0.05%                        |                    |      |                              |  |  |  |  |
| Price Chopper                       | 7,712              | . 10 | 0.05%                        |                    |      |                              |  |  |  |  |
| AGCO                                |                    |      |                              | 73,471             | 4    | 0.58%                        |  |  |  |  |

| Total | \$ 964,986 | 6.42% \$ 1,306,529 | 10.35% |
|-------|------------|--------------------|--------|
|       |            |                    |        |

Note: Amounts for customers 7 through 10 are not available for 1999.

•

130

Table 15

.

#### City of Independence, Missouri Ratios of Outstanding Debt by Type Last Ten Fiscal Years

.

|             |     | Governmental Activities |    |                                      |    |                           |           |                                  |        |  |  |  |  |
|-------------|-----|-------------------------|----|--------------------------------------|----|---------------------------|-----------|----------------------------------|--------|--|--|--|--|
| Fiscal Year |     | Loans Payable           |    | Neighborhood<br>Improvement District |    | Capital<br>Leas <u>es</u> |           | Certificates of<br>Participation |        |  |  |  |  |
| 1998        | \$  | 4,875,000               | \$ | -                                    | \$ |                           | 1,829,472 | \$                               | 68,801 |  |  |  |  |
| 1999        |     | 11,980,000              |    | -                                    |    |                           | 1,495,200 |                                  | -      |  |  |  |  |
| 2000        |     | 27,040,000              |    | -                                    |    |                           | 1,700,639 |                                  | -      |  |  |  |  |
| 2001        |     | 38,550,000              |    | -                                    |    |                           | 2,130,126 |                                  | -      |  |  |  |  |
| 2002        |     | 50,448,580              |    | -                                    |    |                           | 1,622,013 |                                  | •      |  |  |  |  |
| 2003        |     | 52,301,676              |    | -                                    |    |                           | 1,086,597 |                                  | -      |  |  |  |  |
| 2004        |     | 59,317,916              |    | 995,000                              |    |                           | 718,955   |                                  | •      |  |  |  |  |
| 2005        | (2) | 21,498,153              |    | 1,039,990                            |    |                           | 1,015,831 |                                  | -      |  |  |  |  |
| 2006        | (2) | 18,590,023              |    | 982,044                              |    |                           | 737,370   |                                  | -      |  |  |  |  |
| 2007        |     | 23,870,529              |    | 923,099                              |    |                           | 712,483   |                                  | -      |  |  |  |  |

|             |    |               |    | Business-Ty   | rpe Ac | tivities          |                                      |                                 | Percentage of          |                       |
|-------------|----|---------------|----|---------------|--------|-------------------|--------------------------------------|---------------------------------|------------------------|-----------------------|
| Fiscal Year | -  | Revenue Bonds | _  | Loans Payable | ·      | Capital<br>Leases | <br>Certificates of<br>Participation | <br>Total Primary<br>Government | Personal<br>Income (1) | <br>Per<br>Capita (1) |
| 1998        | \$ | 73,995,000    | \$ |               | \$     | -                 | \$<br>161,199                        | \$<br>80,929,472                | Not Available          | \$<br>698.57          |
| 1999        |    | 64,387,790    |    | 2,135,000     |        | -                 | -                                    | 79,997,990                      | 5.21%                  | 688.72                |
| 2000        |    | 62,145,731    |    | 1,640,000     |        | 125,476           | -                                    | 92,651,846                      | 4.17%                  | 792.80                |
| 2001        |    | 59,793,673    |    | 1,120,000     |        | -                 | -                                    | 101,593,799                     | 4.58%                  | 880.31                |
| 2002        |    | 57,276,614    |    | 575,000       |        | •                 | -                                    | 109,922,207                     | 4.34%                  | 964.68                |
| 2003        |    | 53,826,179    |    | -             |        | -                 | -                                    | 107,214,452                     | 4.27%                  | 937.64                |
| 2004        |    | 65,887,893    |    |               |        | •                 | -                                    | 126,919,764                     | 5.15%                  | 1,106.10              |
| 2005        |    | 62,969,608    |    |               |        | -                 | -                                    | 86,523,582                      | 3.39%                  | 751.42                |
| 2006        |    | 59,361,323    |    | •             |        | -                 | -                                    | 79,670,760                      | 3.03%                  | 687.10                |
| 2007        |    | 55,548,038    |    | •             |        | -                 | -                                    | 81,054,149                      | 3.06%                  | 696.59                |

Notes: (1) See Table 21 for personal income and population data. The 2007 ratios are calculated using personal income and population data from table 21 which is an estimate.

(2) In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

131

•

# City of Independence, Missouri Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

|             |    | c                           | Sen | eral Bonded Debt Outstand                 | ding | I     | Percentage of Est.                      |                   |
|-------------|----|-----------------------------|-----|---|------|-------|---|-------------------|
| Fiscal Year | -  | General<br>Obligation Bonds |     | Less Amounts<br>Available in Debt Service | _    | Total | Actual Taxable<br>Value of Property (1) | Per<br>Capita (2) |
| 1998        | \$ | •                           | \$  | -   | \$   | -     | 0.00% \$                                | -                 |
| 1999        |    | -                           |     | -   |      | -     | 0.00%                                   | -                 |
| 2000        |    | -                           |     | •   |      | -     | 0.00%                                   | -                 |
| 2001        |    | -                           |     | -   |      | -     | 0.00%                                   | -                 |
| 2002        |    | -                           |     | -   |      | -     | 0.00%                                   | -                 |
| 2003        |    | -                           |     | -   |      | -     | 0.00%                                   | •                 |
| 2004        |    | -                           |     | -   |      | -     | 0.00%                                   | •                 |
| 2005        |    | -                           |     | -   |      | -     | 0.00%                                   | -                 |
| 2006        |    | -                           |     | -   |      | -     | 0.00%                                   | -                 |
| 2007        |    | -                           |     | -   |      | •     | 0.00%                                   | -                 |

 (1) See Table 7 for property value data.
 (2) See Table 21 for population data. Notes:

Note:

The City does not have any General Bonded Debt over the past ten fiscal years. Details regarding the City's outstsanding debt can be found in the notes to the financial statements.

Table 18

\$\_\_\_\_

160,669,486

#### City of Independence, Missouri Direct and Overlapping Governmental Activities Debt As of June 30, 2007

| Governmental Unit<br>Debt repaid with property taxes  | <br>Debt<br>Outstanding                                       | Estimated Percentage<br>Applicable   |    | Estimated Share<br>of Overlapping<br>Debt           |
|---|---|--------------------------------------|----|---|
| Blue Springs Reorganized #4 School District<br>Independence School District<br>Raytown School District<br>Fort Osage Reorganized #1 School District | \$<br>112,875,000<br>101,530,000<br>100,450,000<br>40,251,000 | 20.00%<br>100.00%<br>6.00%<br>12.50% | \$ | 22,575,000<br>101,530,000<br>6,027,000<br>5,031,375 |
| Subtotal, overlapping debt<br>City direct debt  |   |                                      | -  | 135,163,375<br>25,506,111                           |

Total direct and overlapping debt

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the oustanding debt of those overlapping governments that is borne by the residents and businesses of independence. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Note: Information was requested from the Kansas City School District and Jackson County, but no response was received.

Source: The debt outstanding data and applicable percentages provided by each governmental entity.

## City of Independence, Missouri Legal Debi Margin Information Last Ten Fiscal Years

|   | _   |             |             |             |             | Fisc        | al Year     |             |   |                  |   |
|---|-----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---|------------------|---|
|   | . – | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        | 2005  | 2008             | 2007  |
| Debt Limit (1)  | \$  | 178,681,073 | 193,019,621 | 195,585,654 | 208,557,293 | 215,035,648 | 234,498,374 | 239,548,507 | 258,869,181   | 263,980,502      | 280,122,203   |
| Total net debt applicable to limit                                      |     | · · · ·     | <b>.</b>    | <u> </u>    | <u> </u>    | <u> </u>    | •           |             | 948,722   |                  | 840,870   |
| Legal Debt Margin   | \$  | 178,681,073 | 193,019,621 | 195,585,654 | 208,557,293 | 215,035,648 | 234,498,374 | 239,548,507 | 257,920,459   | 263,083,802      | 279,281,333   |
| Total net debt applicable to the<br>limit as a percentage of debt limit |     | 0 000%      | 0.000%      | 0.000%      | 0.000%      | 0.000%      | 0.000%      | 0.000%      | 0.366%  | 0.340%           | 0.300%  |
|   |     |             |             |             |             |             |             |             | Legal Debt Margin (<br>Assessed Value<br>Debt Limit (20% of at<br>General obligation:<br>City-Wide<br>Neighborhood Impro<br>Rovenue Bonds<br>Totat Bonded Debt<br>Less:<br>Water Uility Bonds<br>Debt Service Fund B<br>Totat net debt applica<br>Legal debt margin | vement Districts | IVear 2007<br>\$ 1,00,811,015<br>280,122,203<br>923,080<br>55,546,039<br>14,988,038<br>14,988,038<br>2278,261,333<br>\$ 278,261,333 |

Notes: (1) - Article 6, Section 26(b) of the Missouri Constitution permits any county or city, by vote of four-seveniths of qualified electors voting theron, to incur an indebtedness fo city purposes not to exceed 5 percent of the value of the taxable tangible property therin, as shown by the last assessment.

(1) - Article 6, Section 26(c) of the Missouri Constitution permits any county or city, by vote of four-seveniths of qualified electors voting theron, to incur additional indebtedness of oily purposes not to exceed 5 percent of the value of the taxable langible property therein, as shown by the last assessment.

(1) - Article 6, Section 26(d) & (e) of the Missouri Constitution provides that any city may become indebted not exceeding in the aggregate an additional 10 percent of the value of the taxable bangbile property for the purpose of acquiring right-of-ways, contructing, extending and improving attents and avenues and/or sanilary or storm sever systems and an additional 10 percent for purchasing or construction of waterworks, electric or other light plants provided the total percent of the days and an additional to percent for the assassed valuation.

. 134

#### City of Independence, Missouri Pledged-Revenue Coverage Last Ten Fiscal Years

| Fiscal            |    |             |    | Less: Operating | Net Available    | _  | Debt      | Serv |              |              |
|-------------------|----|-------------|----|-----------------|------------------|----|-----------|------|--------------|--------------|
| Year              |    | Revenues    |    | Expenses (1)    | <br>Revenue      | _  | Principal | _    | Interest (2) | <br>Coverage |
| Power & Light (3) |    |             |    |                 |                  |    |           |      |              |              |
| 1998              | \$ | 67,552,096  | \$ | 44,766,098      | \$<br>22,785,998 | \$ | 1,115,000 | \$   | 2,134,615    | \$<br>7.01   |
| 1999              | •  | 69,173,245  | •  | 46,068,740      | 23,104,505       |    | 1,090,000 |      | 2,005,463    | 7.46         |
| 2000              |    | 70,349,124  |    | 50,390,860      | 19,958,264       |    | 1,535,000 |      | 1,384,760    | 6.84         |
| 2001              |    | 81,965,004  |    | 57,618,481      | 24,346,523       |    | 1,595,000 |      | 1,308,835    | 8.38         |
| 2002              |    | 73,930,488  |    | 52,142,313      | 21,788,175       |    | 1,675,000 |      | 1,243,860    | 7.46         |
| 2003              |    | 77,932,974  |    | 56,701,449      | 21,231,525       |    | 1,740,000 |      | 1,164,512    | 7.31         |
| 2004              |    | 82,265,717  |    | 61,851,943      | 20,413,774       |    | 1,745,000 |      | 983,448      | 7.48         |
| 2005              |    | 84,020,908  |    | 64,452,736      | 19,568,172       |    | 1,855,000 |      | 921,038      | 7.05         |
| 2006              |    | 100,254,630 |    | 75,369,477      | 24,885,153       |    | 1,925,000 |      | 855,273      | 8.95         |
| 2007              |    | 105,313,797 |    | 80,423,304      | 24,890,493       |    | 1,995,000 |      | 784,223      | 8.96         |
| Water (2) (3)     | -  |             |    |                 |                  |    |           |      |              |              |
| 1998              | \$ | 15,814,097  | \$ | 8,162,749       | \$<br>7,651,348  | \$ | 800,000   | \$   | 1,555,705    | \$<br>3.25   |
| 1999              |    | 15,400,654  |    | 9,664,783       | 5,735,871        |    | 900,000   |      | 1,510,313    | 2,38         |
| 2000              |    | 16,656,302  |    | 9,656,336       | 6,999,966        |    | 850,000   |      | 1,596,133    | 2.86         |
| 2001              |    | 16,267,295  |    | 10,018,126      | 6,249,169        |    | 900,000   |      | 1,561,920    | 2.54         |
| 2002              |    | 16,068,944  |    | 10,199,624      | 5,869,320        |    | 985,000   |      | 1,527,809    | 2.34         |
| 2003              |    | 16,348,365  |    | 10,788,334      | 5,560,031        |    | 1,070,000 |      | 1,489,510    | 2.17         |
| 2004              |    | 16,907,411  |    | 10,718,853      | 6,188,558        |    | 1,200,000 |      | 1,449,060    | 2.34         |
| 2005              |    | 17,928,618  |    | 11,096,626      | 6,831,992        |    | 1,285,000 |      | 2,014,517    | 2.07         |
| 2006              |    | 19,285,620  |    | 12,300,943      | 6,984,677        |    | 1,905,000 |      | 2,053,730    | 1.76         |
| 2007              |    | 18,473,889  |    | 12,850,111      | 5,623,778        |    | 2,040,000 |      | 1,923,627    | 1.42         |
| Sanitary Sewer    |    |             |    |                 |                  |    |           |      |              |              |
| 1998              | \$ | 12,397,234  | \$ | 7,699,724       | \$<br>4,697,510  | \$ | -         | \$   | -            | \$<br>-      |
| 1999              |    | 13,208,379  |    | 8,504,860       | 4,703,519        |    | -         |      | •            | -            |
| 2000              |    | 13,463,695  |    | 8,477,466       | 4,986,229        |    | -         |      | -            | •            |
| 2001              |    | 13,852,358  |    | 8,893,489       | 4,958,869        |    | -         |      | -            | -            |
| 2002              |    | 13,100,624  |    | 8,900,009       | 4,200,615        |    | -         |      | -            | -            |
| 2003              |    | 12,946,774  |    | 9,453,484       | 3,493,290        |    | -         |      | -            | -            |
| 2004              |    | 13,549,180  |    | 9,243,252       | 4,305,928        |    | -         |      | -            | -            |
| 2005              |    | 14,272,438  |    | 10,017,560      | 4,254,878        |    | -         |      | -            | -            |
| 2006              |    | 14,850,445  |    | 10,400,801      | 4,449,644        |    | -         |      | -            | -            |
| 2007              |    | 15,519,278  |    | 10,884,567      | 4,634,711        |    | -         |      | -            | -            |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Notes: (1) Operating expenses excludes depreciation, interest expense, amortization, non-operating expenses, and payments in lieu of taxes.

(2) Interest for the Water Revenue Bonds excludes \$6,050,000 reduction of debt due to remarketing.

(3) Numbers displayed for Power and Light are in accordance with FERC accounting. Numbers displayed for Water are in accordance with NARUC accounting.

#### Table 21

# City of Independence, Missouri Demographic and Economic Statistics Last Ten Calendar Years

| Calendar Year (3) | Population (1) | Personal Income<br>(thousands of dollars) | Per Capita<br>Personal Income (1) | Median<br>Age (1) | School<br>Enroliment (2) | Unemployment<br>Rate (1) |
|-------------------|----------------|---|-----------------------------------|-------------------|--------------------------|--------------------------|
| 1998              | 115,851        | 6 Not Available                           | Not Available                     | 35.00             | 16,746                   | 3.70%                    |
| 1999              | 116,155        | 1,534,175,240                             | 13,208                            | 34.40             | 16,361                   | 2.90%                    |
| 2000              | 116,867        | 2,223,862,143                             | 19,029                            | 37.14             | 16,361                   | 3.10%                    |
| 2001              | 115,407        | 2,217,545,505                             | 19,215                            | 37.37             | 15,302                   | 4.20%                    |
| 2002              | 113,947        | 2,535,092,856                             | 22,248                            | 37.68             | 15,987                   | 5.70%                    |
| 2003              | 114,345        | 2,509,987,095                             | 21,951                            | 38.34             | 16,334                   | 5.20%                    |
| 2004              | 114,745        | 2,465,640,560                             | 21,488                            | 38.55             | 18,215                   | 5.15%                    |
| 2005              | 115,146        | 2,552,786,820                             | 22,170                            | 38.57             | 16,278                   | 6.20%                    |
| 2006              | 115,953        | 2,632,249,053                             | 22,701                            | 38.91             | 14,829                   | 4.98%                    |
| 2007              | 116,359        | 2,651,123,456                             | 22,784                            | 39.22             | 14,113                   | 4.90%                    |

Note: The information for 2007 is an estimate.

(3) The information shown is for calendar years. Note:

 Information provided by Mid-America Regional Council and Claritas, Inc.
 Information provided by school districts. Sources:

#### City of Independence, Missouri Principal Employers Current Year and Eight Years Ago

|                                      |           | 2007 |   |           | 1999     |   |
|--------------------------------------|-----------|------|---|-----------|----------|---|
| Employer                             | Employees | Rank | Percentage of<br>Total City<br>Employment | Employees | Rank     | Percentage of<br>Total City<br>Employment |
|                                      |           |      |   |           | ( toriat | cinpiofindit                              |
| Alliant Tech Systems                 | 2,250     | 1    | 3.96%                                     | 1,460     | 1        | 2.26%                                     |
| Independence School District         | 1,800     | 2    | 3.17%                                     |           |          |   |
| City of Independence                 | 1,176     | 3    | 2.07%                                     |           |          |   |
| Independence Regional Health Center  | 1,035     | 4    | 1.82%                                     | 1,400     | 2        | 2.17%                                     |
| Medical Center of Independence       | 565       | 5    | 0.99%                                     | 401       | 5        | 0.62%                                     |
| Government Employee Hospital         | 550       | 6    | 0.97%                                     |           |          |   |
| Rosewood Health Center at the Groves | 400       | 7    | 0.70%                                     | 100       | 9        | 0.15%                                     |
| Burd & Fletcher                      | 350       | 8    | 0.62%                                     |           |          |   |
| Unilever                             | 330       | 9    | 0.58%                                     |           |          |   |
| Jackson County Circuit Court         | 274       | 10   | 0.48%                                     |           |          |   |
| Agco                                 |           |      |   | 800       | 3        | 1.24%                                     |
| Southwestern Bell Telephone          |           |      |   | 725       | 4        | 1.12%                                     |
| Thomas J. Lipton                     |           |      |   | 350       | 6        | 0.54%                                     |
| Sprint Relay Center                  |           |      |   | 248       | 7        | 0.38%                                     |
| The Examiner                         |           |      |   | 100       | 8        | 0.15%                                     |
| Barbour Concrete                     |           |      |   | 85        | 10       | 0.13%                                     |
|                                      |           |      |   |           |          |   |
|                                      |           |      | 45.070                                    |           |          |   |
| Total                                | 8,730     |      | 15.37%                                    | 5,669     |          | 8.78%                                     |

Note: The oldest information available is from 8 years ago instead of 9 years ago.

Source: Independence Council for Economic Development and Mid-America Regional Council.

Table 23

#### City of Independence, Missouri Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years Full-time Equivalent Employees as of June 30 1998 1999 2000 2001 2004 2005 2006 2007 Function/Program General Government ral Government City courts office City clark National Frontiers Traits Museum Technology services Municipal court Law - General hund Law - General hund Finance Human resources 11.00 7 00 9.38 6.55 21.00 12.00 8.00 11.00 7.00 10.50 6.55 21.00 12.00 6.50 11.00 7.00 11.50 6.00 21.00 13.00 6.00 11.00 7.00 11.00 6.00 21.00 13.00 6.00 11.00 7.00 10.00 6.00 20.00 13.00 6.00 11.00 7.00 10.00 6.00 20.00 13.00 6.00 11,00 6.50 8.50 20.00 13.00 5.50 10.00 6.50 7.00 6.00 20.00 13.00 5.50 0.50 24.00 7.50 10.00 6.00 7.50 6.00 20.00 13.00 5.75 0.50 25.00 7.50 10.00 6.00 10.50 8.00 21.00 13.00 6.75 0.50 26.00 7.50 25.00 6.00 25.00 6.50 25.00 6*.5*0 25.00 7.50 -25.00 7.50 25.00 7.50 24.00 7.50 Public Safety Police - General fund Police - Grants fund Fire - General fund Fire - Grants fund 277.00 15.00 173.25 0.75 281.50 12.00 173.25 0.75 281.50 10.00 173.25 0.75 260.00 264.00 269.00 275.00 274.00 275 00 275.00 173.00 174.00 174.00 174.00 174,00 174,00 174.00 Public Works 87.90 87.73 87.90 89.90 88,90 87.90 82.00 81.00 82.00 83.00 Hea<sup>l</sup>th and Welfare General fund Grant fund 26.74 28.49 28.49 27.24 38.13 39 69 39.47 33.50 5.50 34.25 6.00 34.25 7.70 Culture and Recreation General fund Tourism fund Park Improvement Sales Tax fund 41.70 3.40 2.99 41.70 3.40 7.00 41.70 3.41 5.00 43.79 3.41 5.00 42.14 3.41 8 61 41.70 4.41 11.59 38.70 4.41 12.59 35.53 4.41 17.12 39.15 3.73 41.10 3.40 Community Development General fund Community Dev Block Grant fund HOME Program fund 28.00 4,50 1.00 30.00 4.50 1.00 31.00 4.50 1.00 35.00 3.60 1.00 23.00 3.00 1.00 23.00 3.00 1.00 22.00 3.00 1,00 22.00 3.00 1.00 26.00 3.00 1.00 25.75 2.50 1.00 Storm Water Water Poll Control - General Fund Storm Water Sates Tax fund Storm Water fund 5.00 5.00 5.00 5.00 5.00 9,00 5.00 8.00 5.00 8.00 5.00 7.00 5.00 7.00 6 00 8,00 : 2 2 2 Power and Light Technology Services - General Fund Power and Light 1.00 220.00 1.00 220.00 1.00 220.00 1.00 220,00 1.00 220.00 1.00 220.00 1.00 220.00 1.00 220.00 1.00 220,00 1.00 220.00 Water City Manager - General fund Financo - General fund Water 1.50 1.50 1.50 1,50 1.50 1,50 1.00 97.48 1.00 99.48 0.17 97.48 98.40 98.48 101.48 98.48 97.48 97.48 97.48 Sewer Public Works - General fund Water Polluion Control 1.00 70.00 1.00 70,00 1.00 70.00 72.50 72.50 71.50 . 73.50 72.00 72.00 69.00 10.00 10.00 10,00 10.00 10.00 10.00 9.00 9,00 9.00 9.00 Central Garage fund 1,137.93 1,148.75 1,158.48 1,174.72 1,173,62 1,175 27 1,182,61 1,182,18 1,188,18 1,195,66 Total

÷

Source: City of Independence Budget

|  |                    |               |               | Indicators by Funct<br>Last Ten Fiscal Yes |               |               |               |               |               |                |
|--|--------------------|---------------|---------------|--|---------------|---------------|---------------|---------------|---------------|----------------|
|  |                    |               |               |  | Fiscal        |               |               |               |               |                |
| Function/Program                                       | 1998               | 1999          | 2000          | 2001                                       | 2002          | 2003          | 2004          | 2005          | 2006          | 2007           |
|  |                    |               |               |  |               |               |               |               |               |                |
| General Government<br>National Frontiers Trails Museum |                    |               |               |  |               |               |               |               |               |                |
| Number of visitors to museum                           | 21,420             | 19,625        | 18,015        | 20,105                                     | 16,199        | 14,963        | 19,763        | 17,163        | 15,986        | 14,621         |
| Public Safety<br>Police                                |                    |               |               |  |               |               |               |               |               |                |
| Police Incident Calls                                  | 131,193            | 126,185       | 122,325       | 123,234                                    | 125,219       | 120,668       | 123,329       | 128,891       | 130.242       | 126.301        |
| Traffic Unit Citations Issued                          | 19,324             | 18,730        | 22,048        | 22,062                                     | 23,227        | 17,796        | 30,840        | 31,323        | 20,257        | 30,984         |
| Fire   |                    |               |               |  |               |               |               |               |               |                |
| Total Alarms   | 11,894             | 12,485        | 12,074        | 12,557                                     | 13,141        | 12,294        | 13,424        | 12,895        | 13,168        | 13,354         |
| Public Education Audience                              | 16,764             | 17,643        | 21,344        | 22,293                                     | 13,828        | 12,619        | 14,747        | 18,363        | 18,818        | 18,502         |
| Public Works   |                    |               |               |  |               |               |               |               |               |                |
| Street Overlay (lane miles)                            | 8                  | 92            | 110           | 144  | 122           | 110           | 104           | 88            | 66            | 26             |
| Street Patching Jobs                                   | 2,168              | 2,003         | 1,951         | 1,133                                      | 1,524         | 744           | 575           | 542           | 474           | 3,897          |
| Health and Welfare                                     | 0.000              |               | 4.000         |  |               |               |               |               |               |                |
| Food Handlers Trained<br>Flu Shots Given               | 3,600<br>722       | 4,200         | 4,262<br>774  | 4,963<br>450                               | 4,741<br>450  | 5,186<br>539  | 11,638<br>600 | 9,660<br>431  | 7,696         | 8,663<br>1,118 |
| Animal Control Service Calls                           | 9,729              | 8,455         | B,100         | 8,318                                      | 9,336         | 9,230         | 7,354         | 6,448         | 7,294         | 6,415          |
| Culture and Recreation                                 |                    |               |               |  |               |               |               |               |               |                |
| Park Sheller Reservations                              | 200                | 230           | 275           | 283  | 671           | 675           | 210           | 214           | 462           | 457            |
| Number of Sermon Center Memberships                    | 4,793              | 800           | 830           | 900  | 1,275         | 1,032         | 1,056         | 948           | 930           | 1,095          |
| Community Development                                  |                    |               |               |  |               |               |               |               |               |                |
| Permits issued   | 4.024              | 5,500         | 5,292         | 4,822                                      | 3,984         | 4,693         | 5,809         | 5,281         | 4,792         | 4,048          |
| Tourism  |                    |               |               |  |               |               |               |               |               |                |
| Sile Attendance  | 394,149            | 338,373       | 403,560       | 357,747                                    | 432,268       | 334,853       | 306,407       | 290,499       | 295,381       | 260,342        |
| Leisure Visitor Inquirles                              | 27,193             | 29,271        | 28,540        | 21,448                                     | 42,608        | 44,659        | 23,172        | 34,512        | 44,943        | 34,116         |
| Power and Light  |                    |               |               |  |               |               |               |               |               |                |
| Average number of monthly customers                    | 52,02 <del>9</del> | 52,640        | 53,135        | 53,658                                     | 53,982        | 54,356        | 65,195        | 55,921        | 56,402        | 56,562         |
| Water  |                    |               |               |  |               |               |               |               |               |                |
| Number of customens                                    | 44,877<br>191      | 45,243<br>146 | 45,649<br>215 | 45,945<br>294                              | 46,394<br>180 | 46,873<br>292 | 47,324<br>239 | 47,461<br>182 | 47,769<br>241 | 48,358<br>271  |
| Water main breaks                                      | 191                | 140           | 215           | 294  | 180           | 292           | 239           | 102           | 241           | 271            |
| Sewer<br>Number of customers                           | 40,311             | 40.637        | 42,194        | 42,457                                     | 42,856        | 42,394        | 43,434        | 43.909        | 44,290        | 44.351         |
| Wastewater Treated (Million Gallons)                   | 3,492              | 40,637        | 42,194        | 42,407                                     | 42,656        | 42,394        | 3,032         | 3,207         | 2,935         | 2.348          |
| HUSTOMORCE FLEETOD (MUSICH CREATES)                    | 3,452              | 4,044         | 3,241         | 4,210                                      | 3,030         | 2,555         | 3,052         | 3,207         | 2,500         | 2,040          |

#### City of Independence, Missouri Operating Indicators by Function/Program Last Ten Fiscal Yeara

Table 24

|   |               |               |       | Last ren riscai r | 6376     |       |       |       |       |       |
|---|---------------|---------------|-------|-------------------|----------|-------|-------|-------|-------|-------|
|   |               |               |       |                   | Fiscal Y | ear   |       |       |       |       |
|   | 199B          | 1999          | 2000  | 2001              | 2002     | 2003  | 2004  | 2005  | 2006  | 2007  |
| Function/Program                            |               |               |       |                   |          |       |       |       |       |       |
| Public Safety                               |               |               |       |                   |          |       |       |       |       |       |
| Police                                      |               |               |       |                   |          |       |       |       |       |       |
| Police stations                             | 1             | 2             | 2     | 2                 | 3        | 3     | 3     | 3     | 3     | 4     |
| Vehicles                                    | 135           | 137           | 108   | 109               | 151      | 124   | 162   | 90    | 177   | 203   |
| K - 9 Facility                              | •             | •             | -     | -                 | •        | -     | -     | 1     | 1     | 1     |
| Fire  |               |               |       |                   |          |       |       |       |       |       |
| Fire Stations                               | 10            | 10            | 10    | 10                | 10       | 10    | 10    | 10    | 10    | 10    |
| Vahicles                                    | 44            | 42            | 44    | 42                | 40       | 40    | 42    | 41    | 44    | 45    |
| Public Works                                |               |               |       |                   |          |       |       |       |       |       |
| Total area (square miles)                   | 78            | 78            | 78    | 78                | 78       | 78    | 78    | 78    | 78    | 78    |
| Paved miles                                 | 580           | 600           | 580   | 580               | 532      | 535   | 535   | 535   | 580   | 550   |
| Culture and Recreation                      |               |               |       |                   |          |       |       |       |       |       |
| Park acreage                                | 885           | 724           | 724   | 724               | 721      | 721   | 724   | 724   | 757   | 826   |
| Parks                                       | 41            | 41            | 41    | 41                | 40       | 40    | 40    | 42    | 43    | 44    |
| Community Centers                           | 2             | 2             | 1     | 1                 | 1        | 2     | 3     | 3     | 3     | 3     |
| Fitness Centers                             | 3             | 1             | 1     | 1                 | 1        | 1     | 2     | 2     | 2     | 2     |
| Bail Fields                                 | 34            | 32            | 53    | 54                | 53       | 53    | 53    | 53    | 53    | 53    |
| Power and Light                             |               |               |       |                   |          |       |       |       |       |       |
| Power stations                              | 5             | 5             | 5     | 5                 | 5        | 5     | 5     | 5     | 5     | 5     |
| Transmission/Distribution Circuits (miles)  | Not Available | Not Available | 650   | 776               | 789      | 794   | 802   | 809   | 817   | 829   |
| Maximum daily use (Mwh)                     | 4,769         | 6,258         | 5,506 | 5,432             | 5,395    | 5,401 | 5,838 | 5,320 | 5,464 | 5,865 |
| Wator                                       |               |               |       |                   |          |       |       |       |       |       |
| Water mains (mites)                         | 663           | 676           | 683   | 688               | 694      | 697   | 711   | 711   | 729   | 736   |
| Fire hydrants                               | 3,623         | 3,753         | 3,840 | 3,908             | 3,996    | 4,061 | 4,186 | 4,188 | 4,401 | 4,520 |
| Maximum daily pumpage (millions of gallons) | 25            | 35            | 37    | 39                | . 39     | 42    | 42    | 41    | 44    | 44    |
| Sewer                                       |               |               |       |                   |          |       |       |       |       |       |
| Number of treatment plants                  | 1             | 1             | 1     | 1                 | 1        | 1     | 1     | 1     | 1     | 1     |
| Sewers mains (miles)                        | 510           | 510           | 515   | 515               | 565      | 565   | 582   | 576   | 576   | 590   |
| Maximum daily capacity of treatment (MGD)   | 19            | 16            | 18    | 18                | 18       | 18    | 18    | 19    | 19    | 18    |

#### City of Independence, Missouri Capital Asset Statistics by Function/Program Last Ten Fiscal Years

## UNAUDITED FINANCIAL AND OPERATING REPORT FOR PERIOD ENDED JANUARY 1, 2008

# CITY OF INDEPENDENCE, MISSOURI FINANCIAL AND OPERATING REPORT



## FOR PERIOD ENDED

January 31, 2008

PREPARED BY: FINANCE DEPARTMENT

ndependence

111 EAST MAPLE • P.O. BOX 1019 • INDEPENDENCE, MISSOURI 64051-0519

OF INDERES

www.ci.independence.mo.us • (816) 325-7000

February 12, 2008

Honorable Mayor Members of the City Council City Manager & Department Directors

#### Re: January 2008 Financial Report

The Financial Report of the City of Independence for the period ended January 31<sup>st</sup> is submitted herewith. This report reflects 58.3% of the 2007-08 fiscal year operations for the funds represented.

The current budget for General Fund estimated revenues have increased \$2,658 from the original estimate. Projected revenues for the year are expected to be \$89,647 less than the revised estimate, most of which was developed last spring. Note this projection is based on seven months of operating results. Totals by revenue category can be found in the table below. Additional information can be found following this transmittal letter. Due to the slow recovery in the general economy and specifically retail

sales we are paying very close attention to sales tax revenue. Current projections for sales tax are \$36,079 less than the original estimate. As the year progresses we will also be monitoring revenue from the sale of natural gas. There is a negative variance from City owned utilities of \$112,510. Of this amount \$74,443 is from

| General Fund Revenues |                          |                          |              |                              |        |  |  |  |  |  |
|-----------------------|--------------------------|--------------------------|--------------|------------------------------|--------|--|--|--|--|--|
|                       | Original Est.<br>Revenue | Adjusted Est.<br>Revenue | Projected    | Variance of<br>Proj. to Adj. | %      |  |  |  |  |  |
| Taxes                 | \$47,215,164             | \$47,215,164             | \$47,925,438 | \$710,274                    | 1.5%   |  |  |  |  |  |
| Licenses & Permits    | 4,582,966                | 4,582,966                | 4,139,972    | (442,994)                    | -10.7% |  |  |  |  |  |
| Grants                | 5,712,021                | 5,712,021                | 5,476,864    | (235,157)                    | -4.3%  |  |  |  |  |  |
| Charges for Services  | 1,561,951                | 1,564,609                | 1,685,577    | 120,968                      | 7.2%   |  |  |  |  |  |
| Interfund Services    | 3,139,780                | 3,139,780                | 3,184,954    | 45,174                       | 1.4%   |  |  |  |  |  |
| Fines & Forfietures   | 4,323,410                | 4,323,410                | 4,032,561    | (290,849)                    | -7.2%  |  |  |  |  |  |
| Interest              | 377,000                  | 377,000                  | 312,353      | (64,647)                     | -20.7% |  |  |  |  |  |
| Other Revenue         | 416,300                  | 416,300                  | 483,884      | 67,584                       | 14.0%  |  |  |  |  |  |
| Debt Proceeds         |                          |                          |              | 0                            |        |  |  |  |  |  |
| Total                 | \$67,328,592             | \$67,331,250             | \$67,241,603 | (\$89,647)                   | -0.1%  |  |  |  |  |  |

electric sales. Detail for these utilities can be found at the end of this letter. Due to the issues related to HB 209 revenues for the telephone franchise fee are uncertain. Letters have been sent to all service providers explaining the City's fee following the Supreme Court decision to overturn HB 209. Sprint, T-Mobile, and Verizon have paid \$1,271,979 in fees under protest. These fees become a reservation of fund balance.

The fiscal year to date expenditures for the General Fund is \$39,730,421 and encumbrances are \$2,049,935. The total is \$41,780,356. This represents 61.2% of the adjusted budget. This is more than the current month's proportion of 58.3%. This includes a number of blanket encumbrances written at

the beginning of the year and executive encumbrances for an approximate 2% reduction of budgets requested by the City Manager. The variance column adjusts for the executive encumbrances and reflects cost overruns projected in Police and Fire. Salary and

| General Fund Expenditures & Encumbrances |                   |                    |                   |       |              |                              |  |  |  |  |
|--|-------------------|--------------------|-------------------|-------|--------------|------------------------------|--|--|--|--|
|  | Adopted<br>Budget | Adjusted<br>Budget | Actual To<br>Date | %     | Projected    | Variance of<br>Proj. to Adj. |  |  |  |  |
| General Government                       | \$7,712,779       | \$7,853,087        | \$4,489,094       | 57.2% | \$7,781,716  | \$71,371                     |  |  |  |  |
| Public Safety                            | 37,418,291        | 38,067,301         | 24,197,608        | 63.6% | 38,707,386   | (640,085)                    |  |  |  |  |
| Public Works                             | 7,440,408         | 7,511,774          | 5,038,540         | 67.1% | 7,398,774    | 113,000                      |  |  |  |  |
| Health                                   | 2,454,091         | 2,471,852          | 1,446,867         | 58.5% | 2,446,692    | 25,160                       |  |  |  |  |
| Parks & Recreation                       | 2,045,189         | 2,071,836          | 1,344,551         | 64.9% | 2,058,416    | 13,420                       |  |  |  |  |
| Council Goals                            | 300,000           | 626,138            | 140,240           | 22.4% | 626,138      | 0                            |  |  |  |  |
| TIF Distribution                         | 200,000           | 910,447            | 40,876            | 4.5%  | 910,447      | 0                            |  |  |  |  |
| Other                                    | 9,644,227         | 8,741,793          | 5,082,580         | 58.1% | 8,640,497    | 101,296                      |  |  |  |  |
| TOTAL                                    | \$67,214,985      | \$68,254,228       | \$41,780,356      | 61.2% | \$68,570,066 | (\$315,838)                  |  |  |  |  |

benefit projections show that 57.7% of the budget for this category has been expended.

#### **Projected Financial Position - June 30:**

The chart on the right is a projection of the fund balance account for the General Fund for this fiscal year. Total Fund Balance is decreasing by \$2,513,694 as a result of the expected use of \$778,935 of reserved and designated funds and the \$1,734,859 decrease of unreserved funds.

#### **Projected Unreserved Fund Balance - June 30**

Of the \$6,734,699 of beginning fund balance reported above, the unreserved portion is \$2,129,791. The balance represents reserved and designated fund balance components. The unreserved portion is expected to decrease by \$1,734,859 to a projected unreserved fund balance of \$394,932 at the end of this fiscal year. While several factors are impacting this decrease one specific one is the receipt of \$1,271,979 of protested telephone business license revenues. As

| Fund Balance Activity                |             |  |  |  |  |  |  |  |
|--------------------------------------|-------------|--|--|--|--|--|--|--|
| Beginning Fund Balance               | \$6,734,699 |  |  |  |  |  |  |  |
| Current Fiscal Year                  |             |  |  |  |  |  |  |  |
| Revenues                             | 67,241,603  |  |  |  |  |  |  |  |
| Expenditures                         | 68,570,066  |  |  |  |  |  |  |  |
| Rev. over/(under) Expenditures       | (1,328,463) |  |  |  |  |  |  |  |
| Prior Year Encumbrances              | 942,874     |  |  |  |  |  |  |  |
| Transfers In                         |             |  |  |  |  |  |  |  |
| Transfers Out                        | 242,357     |  |  |  |  |  |  |  |
| <b>Projected Ending Fund Balance</b> | \$4,221,005 |  |  |  |  |  |  |  |

| Unreserved Fund Balance Activity         |              |  |  |  |  |  |  |  |  |
|--|--------------|--|--|--|--|--|--|--|--|
| Beginning Unreserved Fund Balance        | \$ 2,129,791 |  |  |  |  |  |  |  |  |
| Revenue Variance                         | (89,647)     |  |  |  |  |  |  |  |  |
| Expenditure Variance                     | (315,838)    |  |  |  |  |  |  |  |  |
| Budget Variance                          | (1,022,978)  |  |  |  |  |  |  |  |  |
| Transfers Authorized by the Budget       | (142,357)    |  |  |  |  |  |  |  |  |
| Other:                                   |              |  |  |  |  |  |  |  |  |
| Increases                                | 1,173,533    |  |  |  |  |  |  |  |  |
| Decreases                                | 1,337,572    |  |  |  |  |  |  |  |  |
| Projected Ending Unreserved Fund Balance | \$394,932    |  |  |  |  |  |  |  |  |

noted earlier the revenues are the result of seven months of operations. The City Manager is continuing this year to evaluate vacancies to measure salary savings during the fiscal year. Departments are also being asked to consider reductions in non-personal service accounts. Detail information regarding unreserved fund balance can be found following this transmittal letter.

## **City Council Goals Account**

The following is an analysis of the City Council Goals Account. The chart shows the amounts allocated to the various projects.

| City Council Goals Account Summary              |                      |                           |           |  |  |  |  |  |  |  |
|---|----------------------|---------------------------|-----------|--|--|--|--|--|--|--|
| Description                                     | Allocation<br>Amount | Expended or<br>Encumbered | Balance   |  |  |  |  |  |  |  |
| Carry-over Balance from Prior Year              | \$426,138            |                           |           |  |  |  |  |  |  |  |
| Current Year Authorization                      | 300,000              |                           |           |  |  |  |  |  |  |  |
|   | \$726,138            |                           |           |  |  |  |  |  |  |  |
| <u>Carry-Over Allocations from Prior Years:</u> |                      |                           |           |  |  |  |  |  |  |  |
| Police Academy Scholarship Program              | 418                  |                           | 418       |  |  |  |  |  |  |  |
| Neighborhood Park Matching Grants               | 23,200               |                           | 23,200    |  |  |  |  |  |  |  |
| Mowing & Refuse Cleanup on Private Property     | 49,483               | 49,483                    |           |  |  |  |  |  |  |  |
| Neighborhood Block Celebrations                 | 11,464               | 846                       | 10,618    |  |  |  |  |  |  |  |
| Recyling Center                                 | 674                  |                           | 674       |  |  |  |  |  |  |  |
| Walnut Street NID                               | 100,000              | 100,000                   |           |  |  |  |  |  |  |  |
| Demo. of Dangerous Bld. & Property Clean-up     | 11,812               | 6,000                     | 5,812     |  |  |  |  |  |  |  |
| Northwest '353' Impact Analysis                 | 10,000               |                           | 10,000    |  |  |  |  |  |  |  |
| Electronic Agendas                              | 2,300                |                           | 2,300     |  |  |  |  |  |  |  |
| Sidewalk Repairs Revolving Fund                 | 40,000               |                           | 40,000    |  |  |  |  |  |  |  |
| Animal Control Overtime                         | 18,190               | 5,054                     | 13,136    |  |  |  |  |  |  |  |
| Current Year Allocations:                       |                      |                           |           |  |  |  |  |  |  |  |
| Demo. of Dangerous Bld. & Property Clean-up     | 79,500               |                           | 79,500    |  |  |  |  |  |  |  |
| Mowing & Refuse Cleanup on Private Property     | 70,000               | 20,517                    | 49,483    |  |  |  |  |  |  |  |
| Neighborhood Block Celebrations                 | 10,000               |                           | 10,000    |  |  |  |  |  |  |  |
| Police K-9 Officer Replacement                  | 10,000               |                           | 10,000    |  |  |  |  |  |  |  |
| Youth Recreation Program Scholarships           | 50,000               | 50,000                    |           |  |  |  |  |  |  |  |
| Vaile Mansion Window Replacement                | 50,000               | 5,140                     | 44,860    |  |  |  |  |  |  |  |
| Fire Station #9 Staffing                        | 75,000               |                           | 75,000    |  |  |  |  |  |  |  |
|   | ¢(10.041             |                           |           |  |  |  |  |  |  |  |
| Total   | \$612,041            | \$237,040                 | \$375,001 |  |  |  |  |  |  |  |
| Unallocated Balance                             | \$114,097            |                           |           |  |  |  |  |  |  |  |

## **License Surcharge Fund**

Revenues this fiscal year from the license surcharge on building construction which went into effect on January 1, 2001 is \$357,878 and interest is \$75,999 and unreserved fund balance is \$3,141,989.

## **Street Improvements Sales Tax Fund**

The Street Improvement Sales Tax Fund has been set-up to account for the three-eight's cent transportation sales tax identified for streets and bridges. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June 30<sup>th</sup> is (\$830,000).

## Park Improvements Sales Tax Fund

The Park Improvements Sales Tax Fund has been set-up to account for the one-quarter cent sales tax identified for parks and recreation. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June  $30^{th}$  is (\$2,619,683).

| Street Improvement Sales Tax Fund                          |                   |            |                |           |  |  |  |
|--|-------------------|------------|----------------|-----------|--|--|--|
|  | Actual As Of      | Cur        | rent Fiscal Ye | ar        |  |  |  |
| Revenues:  | Prior Fiscal Year | Budget     | Projected      | Variance  |  |  |  |
| Sates Tax  | \$5,839,963       | 6,394,426  | 6,380,896      | (13,530)  |  |  |  |
| Interest<br>Other  | 181,951           | 229,000    | 74,000         | (155,000) |  |  |  |
| Total Revenues   | \$6,021,914       | 6,623,426  | 6,454,896      | (168,530) |  |  |  |
| Expenditures:  |                   |            |                |           |  |  |  |
| Operating  | 0                 | 1,479,225  | 1,479,225      | 0         |  |  |  |
| Capital  | 113,730           | 1,387,000  | 1,387,000      | 0         |  |  |  |
| Carry-over Appropriations                                  | 9,714,762         | 7,516,194  | 7,516,194      | 0         |  |  |  |
| Total Expenditures   | 9,828,492         | 10,382,419 | 10,382,419     | Ö         |  |  |  |
| Excess of Revenues Over<br>(Under) Expenditures            | (3,806,578)       |            | (3,927,523)    |           |  |  |  |
| Other Fin. Sources (Uses)<br>Debt Proceeds<br>Transfers In | 2,803,185         |            |                |           |  |  |  |
| Transfers Out  | 10,511            | 10,582     | 10,582         |           |  |  |  |
| <b>Total Other Financing</b>                               | 2,792,674         |            | (10,582)       |           |  |  |  |
| Fund Balance:  |                   |            |                |           |  |  |  |
| Encumbrances   | 3,195,351         |            |                |           |  |  |  |
| Other Reserves   | 5,233             |            |                |           |  |  |  |
| Unreserved   | (92,479)          |            | (830,000)      |           |  |  |  |
| Total  | 3,108,105         | -          | (830,000)      |           |  |  |  |
|  |                   |            |                |           |  |  |  |

| Park Improvement Sales Tax Fund |                   |           |                |          |  |  |  |
|---------------------------------|-------------------|-----------|----------------|----------|--|--|--|
|                                 | Actual As Of      | Cur       | rent Fiscal Ye | ar       |  |  |  |
| Revenues:                       | Prior Fiscal Year | Budget    | Projected      | Variance |  |  |  |
| Sales Tax                       | \$3,892,971       | 4,262,950 | 4,253,930      | (9,020)  |  |  |  |
| Interest                        | 67,957            | 52,000    | 14,700         | (37,300) |  |  |  |
| Charges for Services            | 514,750           | 663,356   | 663,356        | 0        |  |  |  |
| Other                           | 100,552           |           |                | 0        |  |  |  |
| Total Revenues                  | \$4,576,230       | 4,978,306 | 4,931,986      | (46,320) |  |  |  |
| Expenditures:                   |                   |           |                |          |  |  |  |
| Operating                       | 3,464,983         | 4,107,757 | 4,107,757      | 0        |  |  |  |
| Capital                         | 3,803,652         | 1,850,000 | 1,850,000      | 0        |  |  |  |
| Carry-over Appropriations       | 3,144,763         | 1,504,484 | 1,504,484      | 0        |  |  |  |
| Total Expenditures              | 10,413,398        | 7,462,241 | 7,462,241      | 0        |  |  |  |
| Excess of Revenues Over         |                   |           |                |          |  |  |  |
| (Under) Expenditures            | (5,837,168)       |           | (2,530,255)    |          |  |  |  |
| Other Fin. Sources (Uses)       |                   |           |                |          |  |  |  |
| Debt Proceeds                   | 5,588,225         |           |                |          |  |  |  |
| Transfers In                    | - /               |           |                |          |  |  |  |
| Transfers Out                   | 7,008             | 5,031     | 5,031          |          |  |  |  |
| Total Other Financing           | 5,581,217         |           | (5,031)        |          |  |  |  |
| Fund Balance:                   |                   |           |                |          |  |  |  |
| Encumbrances                    | 1,294,561         |           |                |          |  |  |  |
| Other Reserves                  | 63,514            |           |                |          |  |  |  |
| Unreserved                      | (1,442,472)       |           | (2,619,683)    |          |  |  |  |
| Total                           | (84,397)          | -         | (2,619,683)    |          |  |  |  |
|                                 |                   | r         |                |          |  |  |  |

## **Fire Sales Tax Fund**

The Fire Sales Tax Fund has been set-up to account for the portion one-quarter cent sales tax identified for the fire service. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June 30<sup>th</sup> is (\$74,985).

## Police (Capital) Sales Tax Fund

The Police (Capital) Sales Tax Fund has been set-up to account for the one-eighth cent capital improvements sales tax identified for police equipment. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June 30<sup>th</sup> is \$960,583.

|                              | Fire Sales Tax    | <u>x Fund</u> |                |          |
|------------------------------|-------------------|---------------|----------------|----------|
|                              | Actual As Of      | Cur           | rent Fiscal Yo | ear      |
| Revenues:                    | Prior Fiscal Year | Budget        | Projected      | Variance |
| Sales Tax                    | \$3,891,487       | 4,262,950     | 4,253,930      | (9,020)  |
| Interest                     | 190,384           | 250,000       | 210,000        | (40,000) |
| Other                        | 72                | 200,000       | 210,000        | (40,000) |
| Total Revenues               | \$4,081,943       | 4,512,950     | 4,463,930      | (49,020) |
| Expenditures:                |                   |               |                |          |
| Operating                    | 1,540,274         | 1,914,625     | 1,914,625      | 0        |
| Capital                      |                   | 2,500,000     | 2,500,000      | 0        |
| Carry-over Appropriations    | 999,341           | 5,452,926     | 5,452,926      | 0        |
| Total Expenditures           | 2,539,615         | 9,867,551     | 9,867,551      | 0        |
| Excess of Revenues Over      |                   |               |                |          |
| (Under) Expenditures         | 1,542,328         |               | (5,403,621)    |          |
| Other Fin. Sources (Uses)    | •                 |               |                |          |
| Debt Proceeds                |                   |               |                |          |
| Transfers In                 |                   |               |                |          |
| Transfers Out                | 143,010           | 5,031         | 5,031          |          |
| <b>Total Other Financing</b> | (143,010)         |               | (5,031)        |          |
| Fund Balance:                |                   |               |                |          |
| Encumbrances                 | 2,765,393         |               |                |          |
| Other Reserves               | 2,703,375         |               |                |          |
| Unreserved                   | 2,568,216         |               | (74,985)       |          |
| Total                        | 5,333,667         | -             | (74,985)       |          |
|                              |                   | -             |                |          |

| ronce (Capital) Sales Tax Fund             |                   |           |               |          |  |  |  |
|--|-------------------|-----------|---------------|----------|--|--|--|
|  | Actual As Of      | Cur       | rent Fiscal Y | car      |  |  |  |
| Revenues:                                  | Prior Fiscal Year | Budget    | Projected     | Variance |  |  |  |
| Sales Tax                                  | \$2,066,938       | 2,131,475 | 2,126,965     | (4,510)  |  |  |  |
| Interest                                   | 141,200           | 154,000   | 132,000       | (22,000) |  |  |  |
| Other                                      | 3,436             |           |               | 0        |  |  |  |
| Total Revenues                             | \$2,211,574       | 2,285,475 | 2,258,965     | (26,510) |  |  |  |
| Expenditures:                              |                   |           |               |          |  |  |  |
| Operating                                  |                   |           |               | 0        |  |  |  |
| Capital                                    | 1,529,845         | 3,645,068 | 3,645,068     | 0        |  |  |  |
| Carry-over Appropriations                  | 1,407,841         | 403,214   | 403,214       | 0        |  |  |  |
| Total Expenditures                         | 2,937,686         | 4,048,282 | 4,048,282     | 0        |  |  |  |
| Excess of Revenues Over                    |                   |           |               |          |  |  |  |
| (Under) Expenditures                       | (726,112)         |           | (1,789,317)   |          |  |  |  |
| Other Fin. Sources (Uses)<br>Debt Proceeds |                   |           |               |          |  |  |  |
| Transfers In                               |                   |           |               |          |  |  |  |
| Transfers Out                              | 126,023           | 2,515     | 2,515         |          |  |  |  |
| Total Other Financing                      | (126,023)         |           | (2,515)       |          |  |  |  |
| Fund Balance:                              |                   |           |               |          |  |  |  |
| Encumbrances                               | 403,214           |           |               |          |  |  |  |
| Other Reserves                             | 54                |           | 0             |          |  |  |  |
| Unreserved                                 | 2,349,147         |           | 960,583       |          |  |  |  |
| Total                                      | 2,752,415         | •         | 960,583       |          |  |  |  |
|  |                   |           |               |          |  |  |  |

#### Police (Capital) Sales Tax Fund

#### **Storm Water Sales Tax Fund**

The Storm Water Sales Tax Fund has been set-up to account for the one-quarter cent sales tax identified for storm water system improvements. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June 30<sup>th</sup> is \$3,163,602.

| Stor                           | m Water Sale                      | <u>s Tax Fun</u> | <u>d</u>    |            |
|--------------------------------|-----------------------------------|------------------|-------------|------------|
| <u>Revenues:</u>               | Actual As Of<br>Prior Fiscal Year | Budget           | Projected   | Variance   |
| Sales Tax                      | \$3,895,405                       | \$4,262,950      | \$4,253,930 | (9,020)    |
| Intra-governmental             | \$324,684                         |                  |             |            |
| Interest                       | 431,463                           | 599,000          | 510,000     | (89,000)   |
| Other                          | 108,782                           |                  |             | 0          |
| Total Revenues                 | \$4,760,334                       | \$4,861,950      | \$4,763,930 | (\$98,020) |
| Expenditures:                  |                                   |                  |             |            |
| Operating                      | 1,225,699                         | 1,756,857        | 1,756,857   | -          |
| Capital                        |                                   | 5,841,000        | 5,841,000   | -          |
| Carry-over Appropriations      | 1,670,944                         | 5,008,205        | 5,008,205   |            |
| Total Expenditures             | 2,896,643                         | 12,606,062       | 12,606,062  | -          |
| Excess of Revenues Over        |                                   |                  |             |            |
| (Under) Expenditures           | 1,863,691                         |                  | (7,842,132) |            |
| Other Financing Sources (U     | ses)                              |                  |             |            |
| Transfers In                   |                                   |                  |             |            |
| Transfers Out<br>Debt Proceeds | 7,008                             | 5,031            | 5,031       |            |
| Total Other Financing          | (7,008)                           |                  | (5,031)     |            |
| Fund Balance                   |                                   |                  |             |            |
| Encumbrances                   | 1,003,635                         |                  |             |            |
| Designated Fund Balance        |                                   |                  |             |            |
| Unreserved                     | 10,007,130                        |                  | 3,163,602   |            |
| Total                          | 11,010,765                        |                  | 3,163,602   |            |

| Central Garage Operating Statement |                  |                    |  |  |  |  |
|------------------------------------|------------------|--------------------|--|--|--|--|
|                                    | Current<br>Month | Year to Date       |  |  |  |  |
| <u>Revenue:</u>                    |                  |                    |  |  |  |  |
| Repairs & Other Income             | <u>192,342</u>   | <u>\$1,266,092</u> |  |  |  |  |
| <b>Operating Expenses:</b>         |                  |                    |  |  |  |  |
| Personal Services                  | 69,339           | 395,978            |  |  |  |  |
| Other Services                     | 22,809           | 241,344            |  |  |  |  |
| Supplies                           | 115,956          | 684,885            |  |  |  |  |
| Capital Outlay                     |                  |                    |  |  |  |  |
| Depreciation Expense               | <u>46</u>        | <u>321</u>         |  |  |  |  |
| Total Expenses                     | 208,150          | <u>1,322,528</u>   |  |  |  |  |
| Net Income from Operations         | (15,808)         | <u>(56,436)</u>    |  |  |  |  |
| Other Income/Expense:              |                  |                    |  |  |  |  |
| Interest Income/Expense            | 333              | 2,033              |  |  |  |  |
| Misc. Income                       | 2,943            | <u>24,162</u>      |  |  |  |  |
| Net Income/(Loss)                  | (\$12,532)       | <u>(\$30,241)</u>  |  |  |  |  |
| Fund Equity, Beginning             |                  | 196,548            |  |  |  |  |
| Fund Equity, Ending                |                  | <u>\$166,307</u>   |  |  |  |  |

#### **Central Garage**

The Garage Fund realized a net loss of \$12,532 for this month of the fiscal year and a net loss of \$30,241 for the year to date. The Director of Public Works must review this closely during the next months to insure the net income of the Central Garage Fund does not vary greatly from the expectations provided in the Operating Budget for this fiscal year. Also, the Director should look at any fluctuations in income from month to month. The chart on the right reflects the activity of the Central Garage after seven months of operation.

#### **Street Improvement (Capital Project Fund)**

The following financial analysis shows the funds available for new projects in the Street Improvements Capital Project Fund. In this analysis the amount shown as 'Due from Federal Government' represents receivables from the Missouri Department of Transportation for work performed on 39<sup>th</sup> Street, 35<sup>th</sup> Street & Noland Rd. Intersection, Noland Road Bridge and Hidden Valley Road. The amount for 'Due from Other Local Government' represents receivables from the County Urban Road System (CURS) and TIF Funds. Of the \$2,141,309 that is due from the County the City has submitted requests of \$1,477,993. Of the \$438,058 that is 'Due From Federal Government', \$14,923 has been requested; approximately \$161,861 is retained from payments to contractors,

thus leaving \$261,274 ready for

| Street Improvements Fund        |             |  |  |  |  |  |
|---------------------------------|-------------|--|--|--|--|--|
| Assets                          |             |  |  |  |  |  |
| Cash                            |             |  |  |  |  |  |
| Special Assessment Receivable   | 5,281       |  |  |  |  |  |
| Due From Federal Government     | 438,058     |  |  |  |  |  |
| Due From Other Local Government | 1,217       |  |  |  |  |  |
| Due From Other                  | 2,141,309   |  |  |  |  |  |
| Contributions Receivable        | 300         |  |  |  |  |  |
| Total                           | 2,586,165   |  |  |  |  |  |
| Liabilities & Credits           |             |  |  |  |  |  |
| Accounts Payable                | 182,543     |  |  |  |  |  |
| Deferred Revenue                | 559,988     |  |  |  |  |  |
| Due To Other Funds              | 2,180,453   |  |  |  |  |  |
| Funds In Escrow                 |             |  |  |  |  |  |
| Total                           | 2,922,985   |  |  |  |  |  |
| Fund Balance                    | (\$336,819) |  |  |  |  |  |

submission. The Special Assessment is money that will be received over the next five years and is not available to be spent at this time.

## Stay Well Health Care Plan

The Stay Well Health Care Plan is the City's self-funded health care plan for employees and retirees. The plan year for this benefit is January 2008 through December 2008. However, the current reinsurance policy is for the eighteenmonth period from July 2007 through December 2008.

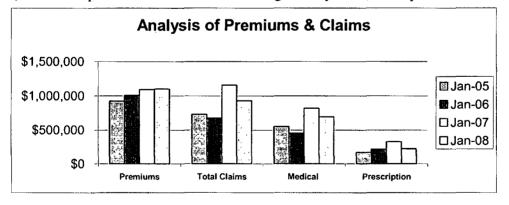
For the month ending January 31, 2008, the Plan's receipts were \$128,980 more than the Plan's disbursements. This resulted in the Plan's cash balance

|                         | Jan          | Stay Well<br>Muary 31, 2008 | Health Ca |             | Year To Date      |        |
|-------------------------|--------------|-----------------------------|-----------|-------------|-------------------|--------|
| •                       | Last Year    | This Year                   | Change    | Last Year   | This Year         | Change |
| Claims Paid             | 3,495        | 2,718                       | -22.2%    | 3,495       | 2,718             | -22.2% |
| Participants            | 1,203        | 1,218                       | 1.2%      | 1,203       | 1,208             | 0.4%   |
|                         |              |                             |           | (Participa  | nts are an averag | e.)    |
| Receipts                | \$1,111,679  | \$1,122,662                 | 1.0%      | \$1,111,679 | \$1,122,662       | 1.0%   |
| Disbursements:          |              |                             |           |             |                   |        |
| Benefits                | 1,160,472    | 931,083                     | -19.8%    | 1,160,472   | 931,083           | -19.8% |
| Administration          | 15,123       | 15,865                      | 4.9%      | 15,123      | 15,865            | 4.9%   |
| ReInsurance             | 31,486       | 41,510                      | 31.8%     | 31,486      | 41,510            | 31.8%  |
| PPO                     | 3,951        | 4,225                       | 6.9%      | 3,951       | 4,225             | 6.9%   |
| Other                   | 471          | 999                         | 112.1%    | 471         | 999               | 112.1% |
| Total                   | \$1,211,503  | \$993,682                   | -18.0%    | \$1,211,503 | \$993,682         | -18.0% |
| Ending Cash Bala        | ince         |                             |           | \$3,910,110 | \$6,444,024       | 64.8%  |
| <b>Accrued Reinsura</b> | nce Reimburs | sements                     |           | 0           | 0                 |        |
| Accrued Liablitie       | 5            |                             |           | -1,389,102  | -1,215,829        | -12.5% |
| Ending Reserve          |              |                             |           | \$2,521,008 | \$5,228,195       | 107.4% |

increasing to \$6,444,024. During January 2007, the Plan's receipts were \$99,824 less than the Plan's disbursements, resulting in the Plan's cash balance increasing to \$3,910,110 at January 31, 2007.

The following information summarizes the financial activity of the Plan and provides an explanation of the Plan's financial results for the first month of the plan year ending December 31, 2008. Since January 1, 2008, the Plan's cash balance has increased by approximately \$129,000.

<u>Claims Processed</u> FMH processed 2,718 medical and vision claims in January or 4% more than the 2,623 claims processed in December. During January 2008, FMH processed 22.2% less medical and



vision claims than in January 2007.

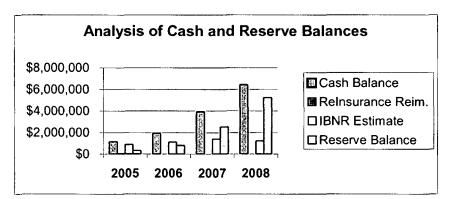
The top 20 individual claims during January accounted for 162 payments, totaling \$314,577. The individual amounts paid for these members ranged

from \$7,431 to \$54,132. During January, the top 20 individuals accounted for 45% of the total medical claims paid. Twenty covered lives represent less than 0.01% of the employees, retirees, spouses and children covered by the Plan as of January 31, 2007. During January, FMH took claims discounts of \$1,158,566 or approximately 51% of the gross medical claims submitted for the month.

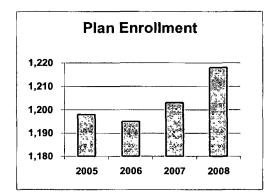
**<u>Reinsurance Coverage</u>** - During the reinsurance policy period starting July 1, 2007, no claim has exceeded the Plan's \$250,000 specific deductible.

#### Cash Balance, IBNR &

**<u>Reserve Balance</u>** - The Stay Well Health Care Plan's estimated reserve balance increased during January to \$5,228,195. This increase in the Plan's reserve balance is due to January's receipts being approximately \$129,000 more than January's disbursements.



**Plan Enrollment** - The Plan's enrollment has increased by twenty participants since January 2006 to 1,218 as of January 31, 2008. Currently 67% of employees and retirees have health insurance coverage through the Stay Well Health Care Plan; while 23% chose the Coventry HMO program and 10% chose neither health care plan offered by the City.



<u>Premiums and Benefit Disbursements -</u> During January, the benefit disbursements were approximately \$38,000 less than in December. Benefit disbursements during January 2008 were approximately \$229,000 less than in January 2007. Total disbursements during January 2008 were approximately \$218,000 less than January 2007 disbursements. Premium receipts for January 2008 increased by approximately \$24,000 over the previous year.

<u>Projected Cash Balance</u> - On October 1, 2007, the City Council approved benefit changes to the Plan for the 2008

plan year. These benefit changes were implemented in conjunction with a one percent (1.0%) increase in the Plan's monthly premiums for the plan year starting January 1, 2007. Based on these benefit changes and increase in monthly premiums, staff projected the Plan's December 31, 2008 cash balance to be \$8,062,725,000. Including the Plan's actual results through January, the projected December 31, 2008 cash balance is \$7,600,000.

The Finance Department will continue to monitor the Plan's financial results and provide information to the City Manager and the Stay Well Health Insurance Advisory Committee regarding funding options for their consideration.

## **Power and Light**

Total operating revenues of the Power and Light Fund of \$67,239,013 reflect an increase of \$3,717,977 over fiscal year 2006-07 operating revenues of \$63,521,036 or 5.9%. An increase of \$5,208,743 in retail energy sales was offset by a decrease in unbilled revenue of \$1,863,709.

Total operating expenses of the Power and Light Fund of \$66,397,834 reflect an increase of \$7,673,665 over fiscal year 2006-07 operating expenses of \$58,724,169 or 13.1 %. Coal costs increased by \$3,596,141 which increased production costs. In addition, general and administration costs increased by \$1,585,422 which was due to higher injuries and damages expenses along with small increases in other various general and administration expenses. Due to higher revenue, payments in lieu of taxes increased \$476,454. Distribution costs increased \$723,971, which was due to maintenance on overhead lines.

## Water

Total operating revenues of the Water Fund of \$11,139,654 reflect a decrease of \$13,336 from fiscal year 2006-07 total operating revenues of \$11,152,990 or .12%. This decrease is attributable to a decrease in wholesale customer demand and rates.

Total operating expenses of the Water Fund of \$9,977,418 reflect an increase of \$1,034,667 from fiscal year 2006-07 total operating expenses of \$8,942,751 or 11.57%. Worker's compensation settlement costs and increased chemical costs are major contributors to the increased expenses.

## Sanitary Sewer

Total operating revenues of the Sanitary Sewer Fund of \$8,854,832 reflect an increase of \$216,470 from fiscal year 2006-07 total operating revenues of \$8,638,362 or 2.506%. This increase is attributable in large part to the rate increase authorized on ordinance 15527 and to an increase in the number of customers.

Total operating expenses of the Sanitary Sewer Fund of \$8,789,934 reflect an increase of \$669,962 from fiscal year 2006-07 total operating expenses of \$8,119,972 or 8.3%. This increase is mainly attributable to increased personnel costs and increased inter-jurisdictional agreement costs.

I will be available to discuss any questions you may have regarding this information.

James &. Harlow

Director of Finance & Administration

## City of Independence, Missouri Analysis of General Fund Revenues - Actual Plus Estimated

| Months of Actual Revenue  | 7                     | 1                        | Actual<br>Revenue       | Estimated<br>Revenue    |                          | Total                         | Variance<br>To       |
|---|-----------------------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------------|----------------------|
| Description   | Original<br>Budget    | Revised<br>Budget        | Through<br>January      | To<br>Year End          | Projection<br>Adjustment | Total<br>Projected<br>Revenue | Budgeted<br>Revenues |
| Property Taxes:   |                       |                          |                         |                         |                          |                               |                      |
| General Property Taxes:   |                       |                          |                         |                         |                          |                               |                      |
| Real Estate   | 7,278,006             | 7,278,006                | 7,123,660               | (16,749)                |                          | 7,106,911                     | -171,095             |
| R.R. & Other Utility  | 33,500                | 33,500                   |                         | 33,494                  |                          | 33,494                        | -6                   |
| Total Property Taxes  | 7,311,506             | 7,311,506                | 7,123,660               | 16,744                  |                          | 7,140,404                     | -171,102             |
| Sales and Use Taxes:  |                       |                          |                         |                         |                          |                               |                      |
| Local Option Sales Tax  | 17,309,210            | 17,309,210               | 9,323,885               | 7,949,246               |                          | 17,273,131                    | -36,079              |
| Cigarette Tax   | 590,000               | 590,000                  | 335,964                 | 236,920                 |                          | 572.884                       | -17,116              |
| Total Sales and Use Taxes   |                       | 17,899,210               | 9,659,849               | 8,186,166               |                          | 17,846,015                    | -53,195              |
| Utility Franchise Fees:   |                       |                          |                         |                         |                          |                               |                      |
| Water   | 22,000                | 22,000                   | 9,124                   | 8,867                   |                          | 17,991                        | -4,009               |
| Gas   | 5,400,000             | 5,400,000                |                         |                         |                          |                               | ,                    |
| Telephone   | 1,820,000             | 1,820,000                | 2,231,842<br>2,234,750  | 3,017,910<br>746,824    |                          | 5,249,752                     | -150,248             |
| Electricity   | 310,000               | 310,000                  | 2,234,750 215,464       | 746,824<br>126,941      |                          | 2,981,574                     | 1,161,574            |
| Cable Television  | 600,000               | 600,000                  |                         |                         |                          | 342,405                       | 32,405               |
| Total Utility Franchise Fees  | 8,152,000             | 8,152,000                | 346,660<br>5,037,839    | 260,698                 |                          | 607,358<br>9,199,080          | 7,358                |
| _   |                       |                          |                         |                         |                          | ,,                            | .,,                  |
| Payments in Lieu of Taxes<br>Power & Light in Lieu of Taxes           | 10,598,723            | 10,598,723               | 6 712 050               | 2 011 220               |                          | 10 504 000                    | 74 44                |
| Water Service in Lieu of Taxes  | 1,733,545             |                          | 6,712,950               | 3,811,330               |                          | 10,524,280                    | -74,443              |
|   |                       | 1,733,545                | 1,043,015               | 684,916                 |                          | 1,727,931                     | -5,614               |
| Sanitary Sewer in Lieu of Taxes<br>Total Payments in Lieu of Taxes    | 1,520,180             | 1,520,180                | 854,445                 | 633,283                 |                          | 1,487,728                     | -32,452              |
| Fotal Taxes   | 13,852,448 47,215,164 | 13,852,448<br>47,215,164 | 8,610,409<br>30,431,758 | 5,129,529<br>17,493,680 | ·····                    | 13,739,938 47,925,438         | -112,510             |
| Puoineen Linemens & Domitor   |                       |                          |                         |                         |                          |                               |                      |
| Business Licenses & Permits:<br>Occupation Licenses                   | 1,482,000             | 1 492 000                | 640.000                 | 047 744                 |                          | 4 550 700                     | 70 700               |
| Liquor Licenses   | 96,000                | 1,482,000                | 610,988                 | 947,744                 |                          | 1,558,733                     | 76,733               |
| Bld. Trades Licenses and Exams  |                       | 96,000                   | 13,548                  | 87,949                  |                          | 101,497                       | 5,497                |
| Fin - Other License/Permits   | 104,040               | 104,040                  | 94,262                  | 35,922                  |                          | 130,184                       | 26,144               |
|   | 44,000                | 44,000                   | 28,212                  | 19,102                  |                          | 47,314                        | 3,314                |
| Building Permits, Com. Develop.<br>Construction Permits, Public Works | 1,349,916             | 1,349,916                | 445,521                 | 617,728                 |                          | 1,063,250                     | -286,666             |
| •   | 800,000               | 800,000                  | 391,762                 | 166,410                 |                          | 558,172                       | -241,828             |
| Nursing Home Permits  | 750                   | 750                      | 750                     | 156                     |                          | 906                           | 156                  |
| Day Care Permits  | 7,200                 | 7,200                    | 201                     | 4,308                   |                          | 4,509                         | -2,691               |
| Food Handler's Permits  | 110,000               | 110,000                  | 56,814                  | 47,990                  |                          | 104,804                       | -5,196               |
| Massage Therapist Appl  | 2,010                 | 2,010                    | 2,275                   | 634                     |                          | 2,909                         | 899                  |
| Other Food Permits  | 87,750                | 87,750                   | 36,558                  | 22,559                  |                          | 59,117                        | -28,633              |
| Ambulance Permits & Licenses  | 41,600                | 41,600                   | 27,488                  | 15,289                  |                          | 42,777                        | 1,177                |
| Plan Reviews - Health Dept.<br>Subtotal Bus. Licenses & Permits       | 2,700                 | 2,700                    | 3,800                   | 777                     |                          | 4,577<br>3,678,748            | 1,877                |
| lon husineen Liesson 9 Des. 't  |                       |                          |                         |                         |                          |                               |                      |
| Non-business Licenses & Permits:<br>Motor Vehicle Licenses            | 455 000               | 455 000                  | 170 254                 | (17 107)                |                          | 464 004                       | c 00.                |
|   | 455,000               | 455,000                  | 478,351                 | (17,127)                |                          | 461,224                       | 6,224                |
| Subtotal Non-bus. Lic. & Permits                                      | 455,000               | 455,000                  | 478,351<br>2,190,530    | (17,127)<br>1,949,442   |                          | 461,224<br>4,139,972          | 6,224                |
|   | 7,002,000             | 4,002,000                | 2,130,000               | 1,343,442               |                          | 4,139,972                     | -442,992             |
| ntergovernmental Revenue:   |                       |                          |                         |                         |                          |                               |                      |
| Federal:  |                       |                          |                         |                         |                          |                               |                      |
| Emergency Management  |                       |                          |                         |                         |                          |                               |                      |
| Public Health Nursing   |                       |                          |                         |                         |                          |                               |                      |
| Community Health ed   | _                     |                          |                         |                         |                          |                               |                      |
| Dial-a-ride   | 25,393                | 25,393                   |                         | 19,551                  |                          | 19,551                        | -5,842               |
| Other   |                       |                          | 783                     |                         |                          | 783                           | 783                  |
| Total Federal   | 25,393                | 25,393                   | 783                     | 19,551                  |                          | 20,333                        | -5,060               |

## City of Independence, Missouri Analysis of General Fund Revenues - Actual Plus Estimated

| Months of Actual Revenue:                  | 7                  | 1                  | Actual<br>Revenue  | Estimated<br>Revenue |                          | Total                | Variance<br>To       |
|--|--------------------|--------------------|--------------------|----------------------|--------------------------|----------------------|----------------------|
| Description                                | Original<br>Budget | Revised<br>Budget  | Through<br>January | To<br>Year End       | Projection<br>Adjustment | Projected<br>Revenue | Budgeted<br>Revenues |
| <b>O</b> . <i>i</i>                        |                    |                    |                    |                      |                          |                      |                      |
| State:                                     | 25,000             | 25 000             | 04.000             | 400                  |                          |                      |                      |
| Financial Institutions Tax<br>Gasoline Tax | 35,000             | 35,000             | 31,960             | 466                  |                          | 32,426               | -2,57                |
| Motor Vehicle License Fees                 | 3,350,000          | 3,350,000          | 1,957,105          | 1,381,121            |                          | 3,338,225            | -11,77               |
| Motor Vehicle Sales Tax                    | 750,000            | 750,000<br>841,278 | 265,413<br>456,468 | 336,516              |                          | 601,929              | -148,07              |
| Other                                      | 841,278            | 041,270            | 400,400            | 366,205              |                          | 822,673              | -18,60               |
| Total State                                | 4,976,278          | 4,976,278          | 2,710,946          | 2,084,308            |                          | 4,795,254            | -181,02              |
| Other:                                     |                    |                    |                    |                      |                          |                      |                      |
| Jackson County Drug Task Force             | 353,273            | 353,273            | 156,726            | 177,074              |                          | 333,800              | -19,47               |
| Jackson County Dare Program                | 332,077            | 332,077            | 299,051            | 32,962               | (32,962)                 | 299,051              | -33,02               |
| Mid Am Reg Council                         | 25,000             | 25,000             | 14,583             | 13,841               | (====)                   | 28,425               | 3,42                 |
| Other Misc. Grants                         |                    |                    | •                  |                      |                          |                      | -1                   |
| Total Other                                | 710,350            | 710,350            | 470,361            | 223,878              | (32,962)                 | 661,276              | -49,07               |
| Total Intergovernmental Revenue            | 5,712,021          | 5,712,021          | 3,182,089          | 2,327,737            | (32,962)                 | 5,476,864            | -235,15              |
| Charges for Current Services:              |                    |                    |                    |                      |                          |                      |                      |
| General Government:                        | 45 000             |                    |                    |                      |                          |                      |                      |
| Planning & Zoning Fees                     | 45,300             | 45,300             | 18,664             | 19,909               |                          | 38,573               | -6,72                |
| Board of Adjustment Fees                   | 4,900              | 4,900              | 3,100              | 2,255                |                          | 5,355                | 45                   |
| Sale of Maps, Books, Plans                 | 10,000             | 10,000             | 9,180              | 5,397                |                          | 14,577               | 4,57                 |
| Sale of Police Reports                     | 44,500             | 44.500             | 22,095             | 18,299               |                          | 40,394               | -4,10                |
| Sale of Fire Reports                       | 35                 | 35                 | 152                | 13                   |                          | 165                  | 13                   |
| Computer Service Charges                   | 27,000             | 27,000             | 14,883             | 12,613               |                          | 27,495               | 49                   |
| Health:<br>Animal Shelter Fees             | 02.000             | 02.000             | 60 704             | 20 404               |                          | 00.075               |                      |
|  | 93,000             | 93,000             | 63,781             | 36,194               |                          | 99,975               | 6,97                 |
| Animal ID Tags                             | 18,000             | 18,000             | 12,620             | 7,842                |                          | 20,462               | 2,46                 |
| Health Training Programs<br>Public Safety: |                    |                    |                    |                      |                          |                      |                      |
| •  | 40.000             | 40.000             | 10 440             | 04.044               |                          | 00.054               |                      |
| Reimb. For Police Services                 | 40,000             | 40,000             | 18,440             | 21,211               |                          | 39,651               | -34                  |
| School Resource Officers                   | 488,000            | 488,000            | 165,962            | 255,404              |                          | 421,366              | -66,63               |
| Alarm Charges - Police                     | 39,300             | 39,300             | 27,575             | 14,246               |                          | 41,821               | 2,52                 |
| Alarm Charges - Fire<br>Recreation:        | 2,025              | 2,025              | 1,375              | 837                  |                          | 2,212                | 18                   |
| Class Fees                                 | 52.250             | 52.050             | 40.440             | 05 005               |                          |                      |                      |
|  | 53,250             | 53,250             | 48,113             | 25,805               |                          | 73,918               | 20,66                |
| Park Concessions<br>Pool Fees              | 8,000              | 8,000              | 3,787              | 2,821                |                          | 6,608                | -1,39                |
| Recreation Centers                         | 22 241             | 22 241             | 12 169             | 10.970               |                          | 22.020               |                      |
| Recreation Rentals                         | 23,241<br>97,600   | 23,241             | 12,168             | 10,870               |                          | 23,038               | -20                  |
| National Frontier Trails Center:           | 97,000             | 97,600             | 64,507             | 51,744               |                          | 116,250              | 18,65                |
| NFTC - Admissions & Rentals                | 50,000             | 50,000             | 25,778             | 22,211               |                          | 47 000               | 2.04                 |
| NFTC - Gift Shop                           | 32,000             | 32,000             | 25,778<br>16,593   | 13,600               |                          | 47,989               | -2,01                |
| Cemetery:                                  | 02,000             | 02,000             | 10,000             | 13,000               |                          | 30,193               | -1,80                |
| Sale of Cemetery Lots                      | 8,200              | 8,200              | 7,350              | 2,712                |                          | 10,062               | 1 961                |
| Sale of Monument Bases                     | 3,100              | 3,100              | 2,515              | 1,196                |                          | 3,711                | 1,86:<br>61          |
| Grave Opening Charges                      | 49,000             | 49,000             | 36,600             | 21,367               |                          | 57,967               | 8,96                 |
| Other Charges:                             | .5,000             | 10,000             | 00,000             | 21,007               |                          | 57,307               | 0,30                 |
| Sale of Street Signs                       | 500                | 500                | 45                 | 185                  |                          | 230                  | -27                  |
| Special Assessments                        | 160,000            | 160,000            | 104,157            | 90,045               |                          | 194,202              | 34,20                |
| Sale of Recycled Material                  |                    | ,                  | 7,403              | 00,040               |                          | 7,403                | 7,40                 |
| Solid Waste Disp Fees                      | 85,000             | 85,000             | 48,477             | 38,688               |                          | 87,166               | 2,16                 |
| Miscellaneous Charges                      | 180,000            | 182,658            | 126,563            | 148,230              |                          | 274,794              | 92,13                |
| Total Charges for Current Services         | 1,561,951          | 1,564,609          | 861,883            | 823,693              |                          | 1,685,577            | 120,968              |

,

## City of Independence, Missouri Analysis of General Fund Revenues - Actual Plus Estimated

| Months of Actual Revenue:       | 7                  |                   | Actual                        | Estimated                 |                          |                               | Variance                   |
|---------------------------------|--------------------|-------------------|-------------------------------|---------------------------|--------------------------|-------------------------------|----------------------------|
| Description                     | Original<br>Budget | Revised<br>Budget | Revenue<br>Through<br>January | Revenue<br>To<br>Year End | Projection<br>Adjustment | Total<br>Projected<br>Revenue | To<br>Budgeted<br>Revenues |
| Fines and Court Costs           |                    |                   |                               |                           |                          |                               |                            |
| Fines & Forfeitures             | 3,691,563          | 3,691,563         | 1,853,348                     | 1.618.923                 |                          | 3,472,271                     | -219,292                   |
| Court Costs                     | 462,062            | 462,062           | 211,899                       | 200,249                   |                          | 412,148                       | -49,914                    |
| Police Training                 | 65,145             | 65,145            | 29,290                        | 27,960                    |                          | 57,250                        | -7,895                     |
| Domestic Violence               | 66,335             | 66,335            | 30,953                        | 29,189                    |                          | 60,142                        | -6,193                     |
| Dwi/drug                        | 38,305             | 38,305            | 13,875                        | 16,875                    |                          | 30,750                        | -7,555                     |
| Special Warrant Collection      |                    |                   |                               | ·                         |                          |                               |                            |
| Total Fines and Court Costs     | 4,323,410          | 4,323,410         | 2,139,365                     | 1,893,196                 |                          | 4,032,561                     | -290,849                   |
| Interest Income                 |                    |                   |                               |                           |                          |                               |                            |
| Interest                        | 290,000            | 290,000           | 86,286                        | 147,202                   |                          | 233,488                       | -56,512                    |
| Special Assessments - Interest  | 7,000              | 7,000             | 24                            | 3,550                     |                          | 3,575                         | -3,425                     |
| Interest - Other                | 80,000             | 80,000            | 31,936                        | 43,355                    |                          | 75,290                        | -4,710                     |
| Total Interest Income           | 377,000            | 377,000           | 118,246                       | 194,107                   |                          | 312,353                       | -64,647                    |
| Interfund Chgs. For Supp. Serv. | 3,139,780          | 3,139,780         | 1,831,543                     | 1,353,411                 |                          | 3,184,954                     | 45,174                     |
| Other Revenue:                  |                    |                   |                               |                           |                          |                               |                            |
| Sale of Land                    |                    |                   |                               |                           |                          |                               | [                          |
| Sale of Fixed Assets            | 45,000             | 45,000            | 9,357                         | 30,833                    |                          | 40,190                        | -4,810                     |
| Rents                           | 156,000            | 156,000           | 67,564                        | 62,270                    |                          | 129,835                       | -26,165                    |
| Damage Claims                   | 15,000             | 15,000            | 706                           | 5,978                     |                          | 6,685                         | -8,315                     |
| Contributions                   |                    |                   | 19,213                        |                           |                          | 19,213                        | 19,213                     |
| Housing Auth. In Lieu of Taxes  |                    |                   |                               |                           |                          |                               | t t                        |
| Cash Over/Short                 |                    |                   | (560)                         |                           |                          | -560                          | -560                       |
| Discounts Taken                 | 300                | 300               | 49                            | 141                       |                          | 191                           | -109                       |
| Misc. Non-operating Revenue     | 200,000            | 200,000           | 86,390                        | 101,247                   |                          | 187,637                       | -12,363                    |
| Proceed from Capital Lease      |                    |                   | 100,695                       |                           |                          | 100,695                       | 100,695                    |
| Total Other Revenue             | 416,300            | 416,300           | 283,415                       | 200,469                   |                          | 483,884                       | 67,584                     |
| Total Revenue                   | 67,328,592         | 67,331,250        | 41,038,830                    | 26,235,735                | (32,962)                 | 67,241,603                    | (89,647)                   |

.

## City of Independence, Missouri Analysis of General Fund Undesignated Fund Balance

| Current Fiscal Year Activity:                    |           |
|--|-----------|
|  |           |
| Budgeted Revenues over (under) Expenditures (    | (922,978) |
| Revenue Variance                                 | (89,647)  |
| Expenditure Variance (                           | (315,838) |
| Prior Year Encumbrance Savings                   | 36,948    |
| Reservations of Fund Balance:                    |           |
| Police Forteitures (65,593)                      |           |
| Protested Revenues (1,271,979)                   |           |
|  | ,337,572) |
| Appropriations and Designations:                 |           |
| Total  | 0         |
| Transfers Out:                                   |           |
| Storm Water Fund (105,357)                       |           |
| Use of Council Goals (100,000)                   |           |
| Santa Fe TIF (Vehicle Sales Tax) (37,000)        |           |
| Total  | (242,357) |
| Transfers In:                                    |           |
| Total  | 0         |
| Other:   |           |
| Carryover of Goals & TIF Distributions 1,136,585 |           |
| Grant Close Out                                  |           |
| Total 1,   | ,136,585  |
| Projected Year End Unreserved Fund Balance       | 394,932   |

Notes:

#### City of Independence, Missouri Balance Sheet Governmental Funds January 31, 2008

.

| General      | Other<br>Governmental<br>Funds  | Total<br>Governmental<br>Funds  |
|--------------|---|---|
| \$ 4,475,646 | 27,591,892  | 32,067,538  |
|              |   |   |
| 4,189,192    | 3,628,683   | 7,817,875   |
| 66,719       | 7,729   | 74,448  |
| 496,177      | 1,688,355   | 2,184,532   |
| 46,273       | 228,356   | 274,629   |
| 143,069      | 3,360,897   | 3,503,966   |
| 755,403      | 1,184,876   | 1,940,279   |
| 430,406      | 34,067,795  | 34,498,201  |
| -            | 16,500  | 16,500  |
| 10,602,885   | 71,775,082  | 82,377,967  |
|              | \$ 4,475,646<br>4,189,192<br>66,719<br>496,177<br>46,273<br>143,069<br>755,403<br>430,406 | General         Governmental<br>Funds           \$ 4,475,646         27,591,892           4,189,192         3,628,683           66,719         7,729           496,177         1,688,355           46,273         228,356           143,069         3,360,897           755,403         1,184,876           430,406         34,067,795           -         16,500 |

|   | General       | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |  |
|---|---------------|--------------------------------|--------------------------------|--|
| Liabilities and Fund Balances               |               |                                |                                |  |
| Liabilities:                                |               |                                |                                |  |
| Accounts and contracts payable              | \$ 99,762     | 1,570,000                      | 1,669,762                      |  |
| Due to other funds                          | -             | 3,360,897                      | 3,360,897                      |  |
| Accrued items                               | 1,945,401     | 100,896                        | 2,046,296                      |  |
| Other current liabilities                   | 540,175       | 36,220                         | 576,395                        |  |
| Deferred revenue                            | 496,177       | 1,980,910                      | 2,477,087                      |  |
| Liabilities payable from restricted assets: |               |                                |                                |  |
| Deposits and court bonds                    | 205,886       | -                              | 205,886                        |  |
| Advances from other funds                   | -             | 16,500                         | 16,500                         |  |
| Total liabilities                           | 3,287,400     | 7,065,423                      | 10,352,823                     |  |
| Fund Balances:                              |               |                                |                                |  |
| Reserved for:                               |               |                                |                                |  |
| Encumbrances                                | 2,353,525     | 10,426,363                     | 12,779,889                     |  |
| Domestic violence                           | 5,403         | -                              | 5,403                          |  |
| Other purposes                              | 2,516,568     | 25,560,862                     | 28,077,430                     |  |
| Unreserved, reported in:                    |               |                                |                                |  |
| General fund                                | 1,115,642     | -                              | 1,115,642                      |  |
| Special revenue funds                       | -             | 17,418,087                     | 17,418,087                     |  |
| Debt Service fund                           | -             | 139,501                        | 139,501                        |  |
| Capital project funds                       |               | 2,246,619                      | 2,246,619                      |  |
| Designated general fund                     | 1,324,347     | -                              | 1,324,347                      |  |
| Designated special revenue funds            | •             | 603,366                        | 603,366                        |  |
| Designated capital project funds            | -             | 8,315,335                      | 8,315,335                      |  |
| Total fund balance                          | 7,315,485     | 64,710,133                     | 72,025,618                     |  |
| Total liabilities and fund balance          | \$ 10,602,885 | 71,775,556                     | 82,378,441                     |  |

See accompanying reports for detail on Other Governmental Funds.

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Seven Months Ending January 31, 2008

|  | General       | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------|--------------------------------|--------------------------------|
| Revenues:  |               | <u></u>                        |                                |
| Taxes  | \$ 21,821,349 | 20,075,959                     | 41,897,307                     |
| Licenses and permits                                 | 2,190,530     | 357,878                        | 2,548,408                      |
| Intergovernmental                                    | 3,182,089     | 2,803,816                      | 5,985,905                      |
| Charges for services                                 | 861,883       | 476,147                        | 1,338,030                      |
| Interfund charges for support services               | 1,831,543     | -                              | 1,831,543                      |
| Fines, forfeitures, and court costs                  | 2,139,365     | -                              | 2,139,365                      |
| Investment Income                                    | 118,246       | 1,847,804                      | 1,966,049                      |
| Sale of property, plant, and equipment               | 9,357         | -<br>-                         | 9,357                          |
| TIF Developer Contributions                          | -             | 59,374                         | 59,374                         |
| Other  | 173,363       | 233,260                        | 406,623                        |
| Total revenues                                       | 32,327,725    | 25,854,237                     | 58,181,962                     |
| Expenditures:  |               |                                |                                |
| Current:   |               |                                |                                |
| General government                                   | 4,402,033     | 27,005                         | 4,429,038                      |
| Public safety  | 21,740,403    | 2,268,481                      | 24,008,884                     |
| Public works   | 4,413,570     | -                              | 4,413,570                      |
| Health and welfare                                   | 1,427,877     | 261,587                        | 1,689,464                      |
| Culture and recreation                               | 1,240,876     | 1,586,578                      | 2,827,454                      |
| Community development                                | 1,566,030     | 672,068                        | 2,238,098                      |
| Storm Water  | 175,170       | 663,534                        | 838,704                        |
| Nondepartmental/other                                | 5,084,299     | 38,756                         | 5,123,054                      |
| Capital outlay                                       | 109,132       | 51,846,708                     | 51,955,839                     |
| Debt service:  |               |                                |                                |
| Principal  | 132,810       | 1,350,000                      | 1,482,810                      |
| Interest and fiscal agent fees                       | 43,170        | 4,215,437                      | 4,258,607                      |
| Total expenditures                                   | 40,335,370    | 62,930,154                     | 103,265,524                    |
| Excess (deficiency) of revenues<br>over expenditures | (8,007,645)   | (37,075,917)                   | (45,083,562)                   |
| Other financing sources (uses):                      |               |                                |                                |
| Proceeds from capital leases/bond issuance           | 100,695       | -                              | 100,695                        |
| Utility payments in lieu of taxes                    | 8,610,409     | -                              | 8,610,409                      |
| Operating transfers in                               | -             | 5,175,134                      | 5,175,134                      |
| Operating transfers out                              | (122,674)     | (5,157,817)                    | (5,280,491)                    |
| Total other financing sources (uses)                 | 8,588,431     | 17,317                         | 8,605,747                      |
| Net change in fund balances                          | 580,786       | (37,058,600)                   | (36,477,814)                   |
| Fund balances, beginning                             | 6,734,699     | 101,768,733                    | 108,503,432                    |
|  | \$ 7.315,485  | 64,710,133                     |                                |
| Fund balances, ending                                | φ (,310,465   | 04,710,133                     | 72,025,618                     |

See accompanying reports for detail on Other Governmental Funds.

#### City of Independence, Missouri Statement of Expenditures & Encumbrances General Fund For the Seven Months Ending January 31, 2007

|                                   | Original<br>Budget | Revised<br>Budget | Expenditures ·<br>Current Year | Expenditures -<br>Prior Year | Total<br>Expenditures | Encumbrances ·<br>Current Year |
|-----------------------------------|--------------------|-------------------|--------------------------------|------------------------------|-----------------------|--------------------------------|
| General Government:               |                    |                   | - <u></u>                      | <u> </u>                     |                       |                                |
| City Council                      | 384,076            | 389,208           | 219,911                        | 66                           | 219,977               | 857                            |
| City Clerk                        | 444,395            | 444,395           | 244,773                        | 9,115                        | 253,887               | 6,968                          |
| City Manager                      | 1,008,238          | 1,027,448         | 588,476                        | 5,834                        | 594,310               | 24,072                         |
| National Frontier Trails Center   | 361,516            | 369,800           | 206,315                        | 8,124                        | 214,439               | 5,396                          |
| Technology Services               | 1,698,079          | 1,734,413         | 998,419                        | 2,561                        | 1,000,980             | 4,438                          |
| Municipal Court                   | 757,022            | 767,605           | 389,469                        | 1,230                        | 390,699               | 6,287                          |
| Law                               | 739,685            | 755,031           | 373,055                        | 38                           | 373,093               | 17,706                         |
| Finance                           | 1,813,004          | 1,845,739         | 1,067,035                      | 21,281                       | 1,088,317             | 44,830                         |
| Human Resources                   | 506,764            | 519,448           | 281,097                        | 1,416                        | 282,514               | 9,990                          |
| Total General Government          | 7,712,779          | 7,853,087         | 4,368,550                      | 49,665                       | 4,418,215             | 120,543                        |
| Public Safety:                    |                    |                   |                                |                              |                       |                                |
| Community Development             | 2,673,178          | 2,830,583         | 1,555,652                      | 10,378                       | 1,566,030             | 176,585                        |
| Police                            | 20,740,646         | 20,820,928        | 13,175,286                     | 54,963                       | 13,230,249            | 484,811                        |
| Fire                              | 14,004,467         | 14,415,790        | 8,553,191                      | 102,918                      | 8,656,109             | 252,083                        |
| Total Public Safety               | 37,418,291         | 38,067,301        | 23,284,129                     | 168,259                      | 23,452,388            | 913,479                        |
| Public Works                      | 7,145,395          | 7,214,904         | 4,239,567                      | 174,003                      | 4,413,570             | 622,831                        |
| Storm Water                       | 295,013            | 296,870           | 175,170                        | -                            | 175,170               | 972                            |
| Health                            | 2,454,091          | 2,471,852         | 1,403,893                      | 23,985                       | 1,427,877             | 42,974                         |
| Parks and Recreation              | 2,045,189          | 2,071,836         | 1,242,216                      | (1,339)                      | 1,240,876             | 102,335                        |
| Non-Departmental                  | 9,135,131          | 8,232,697         | 4,779,865                      | 5,879                        | 4,785,743             | 119,212                        |
| Council Goals                     | 300,000            | 626,138           | 95,127                         | 102,734                      | 197,860               | 45,113                         |
| Debt Service                      | -                  | -                 | 100,695                        | -                            | 100,695               | -                              |
| Capital Outlay                    | 509,096            | 509,096           | 23,083                         | 24,131                       | 47,214                | 59,725                         |
| TIF Distribution                  | 200,000            | 910,447           | 18,126                         | 57,634                       | 75,760                | 22,750                         |
| Total Other                       | 22,083,915         | 22,333,840        | 12,077,740                     | 387,026                      | 12,464,767            | 1,015,912                      |
| Total Expenditures & Encumbrances | 67,214,985         | 68,254,228        | 39,730,419                     | 604,951                      | 40,335,370            | 2,049,934                      |

Balance Sheet

**Proprietary Funds** 

January 31, 2008

|   | -          | Power and   |             | Sanitary   |             | Internal Service |
|---|------------|-------------|-------------|------------|-------------|------------------|
| Assets  |            | Light       | Water       | Sewer      | Total       | Funds            |
| Current assets:                                   | -          |             |             |            |             |                  |
| Pooled cash and investments                       | \$         | 20,598,318  | 3,914,873   | 11,345,035 | 35,858,226  | 6,225,771        |
| Receivables:                                      |            |             |             |            |             |                  |
| Accounts (net of allowance of \$937,734)          |            | 6,695,204   | 1,689,519   | 1,497,414  | 9,882,137   | 3,816            |
| Unbilled revenue                                  |            | 6,339,155   | 807,305     | 1,062,540  | 8,209,000   | 51,656           |
| Special assessment principal and accrued interest |            | 4,539       |             | 51,775     | 56,315      | 108,067          |
| Accrued interest                                  |            | 263,726     | 86,127      | 142,516    | 492,369     | _                |
| Other   |            |             | _           |            | _           | _                |
| Due from other funds                              |            | 25,956      | 15,619      | 10,356     | 51,931      |                  |
| Due from other governments                        |            | ·           |             | _          |             | _                |
| Inventory   |            | 11,774,973  | 666,790     | 84,709     | 12,526,472  |                  |
| Prepaid items                                     |            | 867,962     |             | _          | 867,962     | _                |
| Restricted assets                                 |            | 1,107,386   | 295,010     | 222,092    | 1,624,488   |                  |
| Total current assets                              | -          | 47,677,220  | 7,475,244   | 14,416,436 | 69,568,901  | 6,389,311        |
| Noncurrent assets:                                | -          |             |             |            |             |                  |
| Restricted assets                                 |            | 1,494,478   | 500,000     |            | 1,994,478   |                  |
| Capital assets:                                   |            | 1,121,110   | 200,000     |            | 1,227,1,270 |                  |
| Nondepreciable                                    |            | 31,324,866  | 3,480,230   | 4,573,335  | 39,378,431  | 93,979           |
| Depreciable, net                                  |            | 127,309,313 | 98,629,213  | 60,490,493 | 286,429,019 | 1,879            |
| Advance to other funds                            |            |             |             |            |             | .,               |
| Deferred debt issue costs                         |            | 261,246     | 778,970     | _          | 1,040,216   | _                |
| Prepaid employee benefits                         |            |             |             | _          | 1,040,210   | _                |
| Other deferred charges                            |            | 123,603     | 2,302,194   | 0          | 2,425,797   | _                |
| Total noncurrent assets                           | -          | 160,513,507 | 105,690,607 | 65,063,828 | 331,267,941 | 95,858           |
| Total assets                                      | <u>ج</u>   | 208,190,727 | 113,165,851 | 79,480,264 | 400,836,842 | 6,485,170        |
| Liabilities and Net Assets                        | <b>*</b> = | 200,170,727 |             |            | 400,050,042 |                  |
| Current liabilities:                              |            |             |             |            |             |                  |
|   | \$         | 5 246 290   | 472.024     | 111 165    | E 000 E49   | 260.201          |
| Accounts and contracts payable<br>Accrued items   | 9          | 5,246,280   | 422,924     | 223,365    | 5,892,568   | 269,281          |
| Other current liabilities                         |            | 641,708     | 176,405     | 1,241,397  | 2,059,510   | 22,434           |
|   |            | 100,000     | —           | 60,490     | 160,490     |                  |
| Deferred revenue                                  |            | -           | -           |            |             |                  |
| Current portion of long-term obligations          |            | 3,203,653   | 3,301,433   | 270,618    | 6,775,703   | 45,747           |
| Employee benefits payable                         |            | —           | -           | _          | _           | _                |
| Medical self-insurance claims                     |            |             |             | 102 326    |             | 1,215,829        |
| Liabilities payable from restricted assets        | -          | 1,089,943   | 711,425     | 193,325    | 1,994,692   |                  |
| Total current liabilities                         | -          | 10,281,583  | 4,612,187   | 1,989,194  | 16,882,963  | 1,553,291        |
| Noncurrent liabilities:                           |            | 12 0/2 221  | 36.030.000  |            | 10 032 321  |                  |
| Revenue bonds payable                             |            | 13,062,371  | 35,970,000  |            | 49,032,371  |                  |
| Other long term liabilities                       |            |             | 725,145     | -          | 725,145     |                  |
| Other post employment benefits                    |            | 290,928     | 117,890     | 93,498     | 502,317     | 11,386           |
| Compensated absences - long-term                  |            | 3,112,624   | 921,257     | 622,145    | 4,656,026   | 78,568           |
| Advances for construction                         | -          | 370,582     | 107,542     |            | 478,124     |                  |
| Total noncurrent liabilities                      | -          | 16,836,506  | 37,841,834  | 715,643    | 55,393,983  | 89,954           |
| Total liabilities                                 | -          | 27,118,088  | 42,454,021  | 2,704,837  | 72,276,945  | 1,643,246        |
| Net Assets  |            |             |             |            |             |                  |
| Invested in capital assets, net of related debt   |            | 143,768,054 | 63,987,352  | 65,063,828 | 272,819,234 | 95,858           |
| Restricted for:                                   |            |             |             |            |             |                  |
| Debt service                                      |            | 1,494,478   | 500,000     | —          | 1,994,478   |                  |
| Unrestricted                                      | -          | 35,810,106  | 6,224,478   | 11,711,600 | 53,746,184  | 4,746,065        |
| Total net assets                                  | _          | 181,072,638 | 70,711,830  | 76,775,427 | 328,559,896 | 4,841,924        |
| Total liabilities and net assets                  | \$         | 208,190,727 | 113,165,851 | 79,480,264 | 400,836,842 | 6,485,170        |

# Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds Year ended January 31, 2008

|   |             | Enterpri    | se Funds   |             |               |
|---|-------------|-------------|------------|-------------|---------------|
|   | Power and   |             | Sanitary   |             | Internal      |
|   | Light       | Water       | Sewer      | Totals      | Service Funds |
| Operating revenues:                               |             |             |            |             |               |
| Charges for services \$                           | 66,324,583  | 10,919,494  | 8,765,887  | 86,009,963  | 1,266,092     |
| Miscellaneous                                     | 914,430     | 220,160     | 88,945     | 1,223,536   | 7,954,944     |
| Total operating revenues                          | 67,239,013  | 11,139,654  | 8,854,832  | 87,233,499  | 9,221,036     |
| Operating expenses:                               |             |             |            |             |               |
| Personal services                                 | 9,439,952   | 3,965,457   | 2,833,268  | 16,238,677  | 4,494,939     |
| Other services                                    | 7,326,056   | 2,321,029   | 3,367,202  | 13,014,286  | 7,276,566     |
| Capital Outlay                                    | (0)         | 62,100      | _          | 62,100      | 3,192         |
| Supplies  | 31,828,750  | 844,321     | 310,562    | 32,983,633  | 689,462       |
| Other expenses                                    | 4,179,720   | 1,359,082   | 65,260     | 5,604,063   |               |
| Depreciation and amortization                     | 6,910,884   | 1,543,319   | 1,359,197  | 9,813,400   | 321           |
| Total operating expenses                          | 59,685,362  | 10,095,309  | 7,935,489  | 77,716,160  | 12,464,480    |
| Operating income                                  | 7,553,651   | 1,044,346   | 919,343    | 9,517,339   | (3,243,444)   |
| Nonoperating revenues (expenses):                 |             |             |            |             |               |
| Interest revenue                                  | 749,735     | 172,005     | 388,656    | 1,310,396   | 165,157       |
| Miscellaneous revenue                             | 324,260     | 813,881     | 15,243     | 1,153,384   | 3,387,438     |
| Interest expense                                  | (565,242)   | (1,136,738) |            | (1,701,979) |               |
| Total nonoperating revenue (expenses)             | 508,753     | (150,851)   | 403,899    | 761,801     | 3,552,596     |
| Income before                                     |             |             |            |             |               |
| contributions and transfers                       | 8,062,403   | 893,495     | 1,323,242  | 10,279,141  | 309,149       |
| Capital contributions                             | 46,054      | 453,149     | 1,485      | 500,688     | -             |
| Transfers out - Utility payments in lieu of taxes | (6,712,950) | (1,043,015) | (854,445)  | (8,610,409) | _             |
| - Other   | (418,849)   | (124,394)   | (40,543)   | (583,786)   | _             |
| Transfers in                                      |             |             | 105,357    | 105,357     | 583,786       |
| Change in net assets                              | 976,659     | 179,234     | 535,097    | 1,690,990   | 892,935       |
| Total net assets:                                 |             |             |            |             |               |
| Beginning of the period                           | 180,095,979 | 70,532,596  | 76,240,330 | 326,868,905 | 3,948,989     |
| End of the period \$                              | 181,072,638 | 70,711,830  | 76,775,427 | 328,559,895 | 4,841,924     |

.

# Statement of Fiduciary Net Assets

# **Fiduciary Funds**

# January 31, 2008

| Assets  | Pri<br>T | Agency<br>Funds |                  |
|---|----------|-----------------|------------------|
| Pooled cash and investments<br>Accrued interest receivable                        | \$       | 67,220          | 149,071<br>608   |
| Total assets  | \$       | 67,220          | 149,679          |
| Liabilities   |          |                 |                  |
| Accounts and contacts payable<br>Funds held in Escrow<br>Employee deferred credit | \$       |                 | 52,506<br>97,173 |
| Total liabilities   | \$       |                 | 149,679          |
| Net Assets  |          |                 |                  |
| Held in trust   | \$       | 67,220          |                  |

.

#### City of Independence, Missouri Combining Balance Sheet Special Revenue Funds January 31, 2008

| Assets                      | Tourism      | Independence<br>Square Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation | Consolidated<br>Sales Tax | License<br>Surcharge | Grants    | Total      |
|-----------------------------|--------------|--|---------------------------------------|--------------------------|---------------------------|----------------------|-----------|------------|
| Pooled cash and investments | \$ 1,544,905 | 46,515                                     | (163,592)                             | (49,798)                 | 17,815,909                | 3,478,578            | (143,533) | 22,528,984 |
| Receivables:                |              |  |                                       |                          |                           |                      |           |            |
| Taxes                       | 90,000       | 2,010                                      | -                                     | -                        | 2,675,949                 |                      |           | 2,767,959  |
| Accounts                    | -            | -  | -                                     | -                        | -                         | •                    | 7,399     | 7,399      |
| Accrued interest            | 793          | -  | -                                     |                          | 220,276                   | 7,288                | -         | 228,356    |
| Due from other governments  | -            | -  | 181,994                               | 92,208                   | -                         | -                    | 131,182   | 405,383    |
| Restricted assets           | •            | -  | -                                     | -                        | 731,144                   | •                    | -         | 731,144    |
| Advance to other funds      | -            | -  | -                                     | -                        | 16,500                    | -                    | -         | 16,500     |
| Total assets                | \$ 1,635,698 | 48,526                                     | 18,401                                | 42,409                   | 21,459,777                | 3,485,866            | (4,952)   | 26,685,725 |

|   | Tourism      | independence<br>Square<br>Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation | Sales Tax   | License<br>Surcharge | Grants    | Total      |
|---|--------------|---|---------------------------------------|--------------------------|-------------|----------------------|-----------|------------|
| Liabilities and Fund Balances<br>Liabilities: |              |   |                                       |                          |             |                      | <u></u>   |            |
|   | •            |   |                                       |                          |             |                      |           |            |
| Accounts and contracts payable                | <b>s</b> -   | -   | 5,668                                 | 3,000                    | 1,246,313   | -                    | 14,802    | 1,269,783  |
| Accrued items                                 | 10,903       | -   | 10,133                                | 3,185                    | 50,252      | -                    | 26,422    | 100,896    |
| Other current liabilities                     | •            | -   | -                                     | 36,220                   | -           | -                    | -         | 36,220     |
| Deferred revenue                              | -            | -   | -                                     | •                        | 97,605      | -                    | 105,332   | 202,937    |
| Total liabilities                             | 10,903       | -   | 15,801                                | 42,406                   | 1,394,170   | -                    | 146,556   | 1,609,836  |
| Fund Balances:<br>Reserved for:               |              |   |                                       |                          |             |                      |           |            |
| Encumbrances                                  | 204 004      |   | 070 074                               | 400.055                  | 5 5 40 7 40 |                      |           |            |
|   | 304,684      | -   | 278,074                               | 132,955                  | 5,546,746   | •                    | 158,432   | 6,420,890  |
| Other purposes                                | -            | -   | -                                     | •                        | 633,546     | -                    | -         | 633,546    |
| Unreserved, reported in:                      |              |   |                                       |                          |             |                      |           |            |
| Special revenue funds                         | 800,621      | 48,526  | (275,474)                             | (132,951)                | 13,885,315  | 3,401,990            | (309,940) | 17,418,087 |
| Designated special revenue funds              | 519,490      | -   | -                                     | -                        | -           | 83,876               | -         | 603,366    |
| Total fund balance                            | 1,624,795    | 48,526  | 2,600                                 | 4                        | 20,065,607  | 3,485,866            | (151,508) | 25,075,889 |
| Total liabilities and fund balance            | \$ 1,635,698 | 48,526  | 18,401                                | 42,409                   | 21,459,777  | 3,485,866            | (4,952)   | 26,685,725 |
|   |              |   |                                       | Laure                    |             |                      |           |            |

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Special Revenue Funds For the Seven Months Ending January 31, 2008

|  | T  | ourism    | Independence<br>Square Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation | Sales Tax   | License<br>Surcharge | Grants            | Total                |
|--|----|-----------|--|---------------------------------------|--------------------------|-------------|----------------------|-------------------|----------------------|
| Revenues:<br>Taxes                                   | s  | 679,565   | 23,834                                     | _                                     |                          | 11,061,020  |                      |                   | 11,764,419           |
| Licenses and permits                                 | •  | -         |  | -                                     | -                        |             | 357,878              |                   | 357,878              |
| Intergovernmental                                    |    | 24,868    | -  | 471,577                               | 277.654                  | -           | -                    | 770.339           | 1,544,438            |
| Charges for services                                 |    | -         | -  | 1,300                                 |                          | 326,317     |                      | 47.079            | 374,696              |
| Investment Income                                    |    | 27,360    | 640  | -                                     | -                        | 553,341     | 75,999               |                   | 657,339              |
| Other  |    | 49        | -  | -                                     | -                        | 117,878     | -                    | -                 | 117,927              |
| Total revenues                                       |    | 731,841   | 24,473                                     | 472,877                               | 277,654                  | 12,058,555  | 433,877              | 817,418           | 14,816,696           |
| Expenditures:<br>Current:                            |    |           |  |                                       |                          |             |                      |                   |                      |
| General government                                   |    |           |  |                                       |                          |             |                      | 27.005            | 07.005               |
| Public safety  |    | •         | -  | -                                     | -                        | 1,623,001   | •                    | 27,005<br>645,480 | 27,005               |
| Health and welfare                                   |    | -         | -  | -                                     | •                        | 1,023,001   | -                    | 261,587           | 2,268,481<br>261,587 |
| Culture and recreation                               |    | 508.071   | _  | -                                     |                          | 1,078,507   | •                    | 201,387           | 1,586,578            |
| Community development                                |    |           | _  | 394,414                               | 277,654                  | 1,070,007   |                      | -                 | 672,068              |
| Storm water  |    |           | -  | -                                     | 271,004                  | 663.534     |                      |                   | 663,534              |
| Nondepartmental                                      |    | -         | -  | -                                     | -                        | 3.097       | -                    | 34,855            | 37,952               |
| Capital outlay                                       |    | -         | 381  | -                                     | -                        | 8,629,022   | -                    | -                 | 8,629,403            |
| Debt service:  |    |           |  |                                       |                          |             |                      |                   |                      |
| Principal  |    | -         | -  |                                       | -                        | 1,350,000   | -                    | -                 | 1.350.000            |
| Interest and fiscal agent fees                       |    | -         | -  | -                                     | -                        | 605,914     | -                    | -                 | 605,914              |
| Total expenditures                                   |    | 508,071   | 381  | 394,414                               | 277,654                  | 13,953,076  | •                    | 968,926           | 16,102,523           |
| Excess (deficiency) of revenues<br>over expenditures |    | 000 770   |  |                                       |                          |             |                      |                   |                      |
| over expenditures                                    |    | 223,770   | 24,092                                     | 78,463                                | <u> </u>                 | (1,894,520) | 433,877              | (151,508)         | (1,285,826)          |
| Other financing sources (uses):                      |    |           |  |                                       |                          |             |                      |                   |                      |
| Operating transfers out                              |    | -         | -  | (77,163)                              | •                        | (160,428)   | (379,167)            | -                 | (616,758)            |
| Total other financing sources (uses)                 |    |           |  | (77,163)                              | -                        | (160,428)   | (379,167)            | <u> </u>          | (616,758)            |
| Net change in fund balances                          |    | 223,770   | 24,092                                     | 1,300                                 | -                        | (2,054,948) | 54,710               | (151,508)         | (1,902,584)          |
| Fund balances, beginning                             |    | 1,401.025 | 24,433                                     | 1,300                                 | 4                        | 22,120,555  | 3,431,156            |                   |                      |
|  |    |           |  |                                       |                          |             |                      |                   | 26,978,473           |
| Fund balances, ending                                | \$ | 1,624,795 | 48,526                                     | 2,600                                 | 4                        | 20,065,607  | 3,485,866            | (151,508)         | 25,075,889           |

#### City of Independence, Missouri Balance Sheet Sales Tax Funds January 31, 2008

| Assets                      | Street<br>Sales Tax | Parks<br>Sales Tax | Storm Water<br>Sales Tax | Police<br>Sales Tax | Fire<br>Sales Tax | Total<br>Sales Tax<br>Funds |
|-----------------------------|---------------------|--------------------|--------------------------|---------------------|-------------------|-----------------------------|
| Pooled cash and investments | 985,789             | (1,587,481)        | 11,287,619               | 2,445,946           | 4,684,036         | 17,815,909                  |
| Receivables:                |                     |                    |                          |                     |                   |                             |
| Taxes                       | 799,927             | 532,951            | 532,973                  | 277,192             | 532,907           | 2,675,949                   |
| Accrued interest            | 23,654              | -                  | 129,444                  | 4,548               | 62,629            | 220,276                     |
| Restricted assets           | 559,549             | 73,988             | 97,605                   | 0                   | 0                 | 731,144                     |
| Advance to other funds      | -                   | 16,500             | -                        | -                   | -                 | 16,500                      |
| Total assets                | \$ 2,368,919        | \$ (964,042)       | \$ 12,047,641            | \$ 2,727,687        | \$ 5,279,572      | \$ 21,459,777               |

|   | Street<br>Sales Tax | Parks<br>Sales Tax | Storm Water<br>Sales Tax | Police<br>Sales Tax | Fire<br>Sales Tax | Total<br>Sales Tax<br>Funds |
|---|---------------------|--------------------|--------------------------|---------------------|-------------------|-----------------------------|
| Liabilities and Fund Balances                   |                     |                    |                          |                     |                   |                             |
| Liabilities:                                    | 007.404             | 170 701            | 70 740                   | 450 704             |                   |                             |
| Accounts and contracts payable<br>Accrued items | 397,191             | 479,761            | 72,716                   | 150,791             | 145,854           | 1,246,313                   |
| Deferred revenue (note 20)                      | -                   | 32,038             | 18,213<br>97,605         | -                   | -                 | 50,252<br>97,605            |
|   |                     |                    | 97,003                   | · · ·               | -                 | 97,603                      |
| Total liabilities                               | 397,191             | 511,799            | 188,535                  | 150,791             | 145,854           | 1,394,170                   |
| und Balances:                                   |                     |                    |                          |                     |                   |                             |
| Reserved for:                                   |                     |                    |                          |                     |                   |                             |
| Encumbrances                                    | 886,053             | 1,031,558          | 1,636,969                | 1,211,820           | 780,346           | 5,546,746                   |
| Other purposes                                  | 559,549             | 73,996             | -                        | 0                   | 0                 | 633,546                     |
| Unreserved, reported in:                        |                     |                    |                          |                     |                   |                             |
| Special revenue funds                           | 526,127             | (2,581,395)        | 10,222,137               | 1,365,075           | 4,353,371         | 13,885,315                  |
| Total fund balance                              | 1,971,729           | (1,475,841)        | 11,859,106               | 2,576,896           | 5,133,718         | 20,065,607                  |
| Total liabilities and fund balance              | \$ 2,368,919        | \$ (964,042)       | \$ 12,047,641            | \$ 2,727,687        | \$ 5,279,572      | \$ 21,459,777               |

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Sales Tax Funds For the Seven Months Ending January 31, 2008

|  | Street<br>Improvement<br>Sales Tax | Park<br>Improvement<br>Sales Tax      | Storm Water<br>Sales Tax | Public<br>Safety<br>Sales Tax | Fire<br>Sales Tax | Total<br>Sales Tax<br>Funds           |
|--|------------------------------------|---------------------------------------|--------------------------|-------------------------------|-------------------|---------------------------------------|
| Revenues:  |                                    | · · · · · · · · · · · · · · · · · · · | - <u></u> -              | <u> </u>                      |                   | · · · · · · · · · · · · · · · · · · · |
| Taxes  | 3,299,677                          | 2,199,117                             | 2,199,444                | 1,164,841                     | 2,197,941         | 11,061,020                            |
| Charges for services                                 |                                    | 326,317                               | -                        | -                             | -                 | 326,317                               |
| Investment Income                                    | 57,859                             | 13,341                                | 318,353                  | 49,911                        | 113,877           | 553,341                               |
| Other  | •                                  | 24,511                                | 93,366                   | -                             | -                 | 117,878                               |
| Total revenues                                       | 3,357,536                          | 2,563,286                             | 2,611,163                | 1,214,752                     | 2,311,818         | 12,058,555                            |
| Expenditures:  |                                    |                                       |                          |                               |                   |                                       |
| Current:   |                                    |                                       |                          |                               |                   |                                       |
| Public safety  | -                                  | •                                     | -                        | 1,307,736                     | 315,266           | 1,623,001                             |
| Culture and recreation                               | -                                  | 1,078,507                             | -                        | -                             | -                 | 1,078,507                             |
| Storm Water  | -                                  | -                                     | 663,534                  | -                             | -                 | 663,534                               |
| Nondepartmental/other                                | 2,384                              | 713                                   | -                        | •                             | -                 | 3,097                                 |
| Capital outlay<br>Debt service:                      | 3,603,123                          | 1,821,985                             | 1,097,178                | -                             | 2,106,736         | 8,629,022                             |
| Principal  | 625,000                            | 725,000                               | _                        | _                             |                   | 1,350,000                             |
| Interest and fiscal agent fees                       | 110,363                            | 326,414                               | -                        | 81,481                        | 87,656            | 605,914                               |
| Total expenditures                                   | 4,340,869                          | 3,952,620                             | 1,760,712                | 1,389,217                     | 2,509,658         | 13,953,076                            |
| Excess (deficiency) of revenues<br>over expenditures | (983,333)                          | (1,389,334)                           | 850,451                  | (174,465)                     | (197,840)         | (1,894,520)                           |
| Other financing sources (uses):                      |                                    |                                       |                          |                               |                   |                                       |
| Operating transfers out                              | (153,041)                          | (2,110)                               | (2,110)                  | (1,055)                       | (2,110)           | (160,428)                             |
| Total other financing sources (uses)                 | (153,041)                          | (2,110)                               | (2,110)                  | (1,055)                       | (2,110)           | (160,428)                             |
| Net change in fund balances                          | (1,136,374)                        | (1,391,444)                           | 848,341                  | (175,520)                     | (199,950)         | (2,054,948)                           |
| Fund balances, beginning                             | 3,108,103                          | (84,397)                              | 11,010,765               | 2,752,416                     | 5,333,668         | 22,120,555                            |
| Fund balances, ending                                | 1,971,729                          | (1,475,841)                           | 11,859,106               | \$ 2,576,896                  | 5,133,718         | 20,065,607                            |

# City of Independence, Missouri Balance Sheet Debt Service Fund January 31, 2008

| Assets  | Debt<br>Service<br>Fund | Total     |
|---|-------------------------|-----------|
| Pooled cash and investments<br>Receivables:       | \$ 45,501               | 45,501    |
| Special assessment principal and accrued interest | 1,217,984               | 1,217,984 |
| Restricted assets                                 | 94,000                  | 94,000    |
| Total assets                                      | \$ 1,357,486            | 1,357,486 |

|  | Debt<br>Service<br>Fund | Total        |
|--|-------------------------|--------------|
| Liabilities and Fund Balances<br>Liabilities:<br>Deferred revenue                                | \$ 1,217,984            | 1,217,984    |
| Total liabilities  | 1,217,984               | 1,217,984    |
| Fund Balances:<br>Reserved for:<br>Encumbrances<br>Unreserved, reported in:<br>Debt Service fund | -<br>139,501            | -<br>139,501 |
| Total fund balance   | 139,501                 | 139,501      |
| Total liabilities and fund balance   | \$ 1,357,486            | 1,357,486    |

# City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Debt Service Fund For the Seven Months Ending January 31, 2008

.

|   | Debt<br>ervice<br>Fund | Total   |  |
|---|------------------------|---------|--|
| Revenues:   | <br>                   |         |  |
| Charges for services                                      | \$<br>80,040           | 80,040  |  |
| Investment Income   | <br>1,989              | 1,989   |  |
| Total revenues  | <br>82,029             | 82,029  |  |
| Expenditures:   |                        |         |  |
| Current:  | 004                    |         |  |
| Nondepartmental   | 804                    | 804     |  |
| Debt service:<br>Interest and fiscal agent fees           | 23,953                 | 23,953  |  |
| -   | <br>24,757             | 24,757  |  |
| Total expenditures  | <br>                   | 24,101  |  |
| Excess (deficiency) of revenues<br>over expenditures      | <br>57,273             | 57,273  |  |
| Other financing sources (uses):<br>Operating transfers in | -                      | -       |  |
| Operating transfers out                                   | -                      | -       |  |
| Total other financing sources (uses)                      | <br>-                  |         |  |
| Net change in fund balances                               | 57,273                 | 57,273  |  |
| -   |                        |         |  |
| Fund balances, beginning                                  | 82,229                 | 82,229  |  |
| Fund balances, ending                                     | \$<br>139,501          | 139,501 |  |

#### City of Independence, Missouri Combining Balance Sheet Capital Projects Funds January 31, 2008

| Assets  | In | Street<br>provements | F  | volving<br>Public<br>ovements | Consolidated<br>Tax Increment<br>Financing | Buildings<br>and Other<br>Improvements | Storm<br>Drainage | Park<br>Improvements | Total      |
|---|----|----------------------|--|-------------------------------|--|--|-------------------|----------------------|------------|
| Pooled cash and investments                       | \$ | (2,180,453)          |  | 19,401                        | 8,751,879                                  | 152                                    | (16,155)          | (1,557,417)          | 5,017,407  |
| Receivables:                                      |    |                      |  |                               |  |  | (,                | (,,,,,               |            |
| Taxes   |    | -                    |  | -                             | 860,724                                    | -                                      | -                 | -                    | 860.724    |
| Accounts  |    | 300                  |  | -                             | 30   | -                                      | -                 | -                    | 330        |
| Special assessment principal and accrued interest |    | 470,371              |  | -                             | -  | -                                      | -                 | -                    | 470,371    |
| Due from other funds                              |    | 1,676,219            |  | -                             | -  | -                                      | -                 | 1,684,677            | 3,360,897  |
| Due from other governments                        |    | 439,275              |  | -                             | 340,217                                    | -                                      | -                 | -                    | 779,492    |
| Restricted assets                                 |    | -                    |  | -                             | 33,242,651                                 | •                                      | -                 | -                    | 33,242,651 |
| Total assets                                      | \$ | 405,713              | \$   | 19,401                        | 43,195,501                                 | 152                                    | (16,155)          | 127,260              | 43,731,872 |
|   |    |                      | Concernence of the local division of the loc |                               |  |  | E                 |                      |            |

27

|   | Street<br>Improvements | Revolving<br>Public<br>Improvements | Tax<br>Increment<br>Financing | Buildings<br>and Other<br>Improvements | Storm<br>Drainage | Park<br>Improvements | Total      |
|---|------------------------|-------------------------------------|-------------------------------|--|-------------------|----------------------|------------|
| Liabilities and Fund Balances<br>Liabilities: |                        |                                     |                               |  |                   |                      |            |
| Accounts and contracts payable                | \$ 182,543             |                                     | _                             |  |                   | 117,674              | 200 217    |
| Due to other funds                            | • 102,345              |                                     | 3,360,897                     |  | -                 |                      | 300,217    |
| Deferred revenue                              | 559,988                |                                     | 3,300,897                     | -                                      | -                 | -                    | 3,360,897  |
| Advances from other funds                     | 359,566                | :                                   | 16,500                        | -                                      | -                 | -                    | 559,988    |
|   |                        | -                                   |                               | •                                      | -                 | -                    | 16,500     |
| Total liabilities                             | 742,532                | -                                   | 3,377,397                     | -                                      |                   | 117,674              | 4,237,602  |
|   |                        |                                     |                               |  |                   |                      |            |
| Fund Balances:<br>Reserved for:               |                        |                                     |                               |  |                   |                      |            |
| Encumbrances                                  | 3,847,501              | -                                   | 8,678                         | 12,178                                 | -                 | 137,116              | 4,005,473  |
| Other purposes<br>Unreserved, reported in:    | -                      | •                                   | 24,927,316                    | -                                      | -                 | -                    | 24,927,316 |
| Capital project funds                         | (4,183,847)            | 19,401                              | 6,566,776                     | (12,025)                               | (16,155)          | (127,530)            | 2,246,619  |
| Designated capital project funds              | •                      | •                                   | 8,315,335                     |  | -                 | -                    | 8,315,335  |
| Total fund balance                            | (336,345)              | 19,401                              | 39,818,104                    | 152                                    | (16,155)          | 9,586                | 39,494,743 |
| Total liabilities and fund balance            | \$ 406,187             | \$ 19,401                           | 43,195,501                    | 152                                    | (16,155)          | 127,260              | 43,732,346 |

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Capital Project Funds For the Seven Months Ending January 31, 2008

|  | Street<br>Improvements | Revolving<br>Public<br>Improvements | Consolidated<br>Tax Increment<br>Financing | Buildings<br>and Other<br>Improvements   | Storm<br>Drainage | Park<br>Improvements | Total        |
|--|------------------------|-------------------------------------|--|--|-------------------|----------------------|--------------|
| Revenues:  |                        | **                                  |  |  |                   |                      | ·            |
| Taxes  | \$-                    | -                                   | 8,311,540                                  | -  | -                 | -                    | 8,311,540    |
| Intergovernmental                                    | 1,259,378              | -                                   | •  | -  | -                 | -                    | 1,259,378    |
| Charges for services                                 | 11,411                 | •                                   | 10,000                                     | -  | -                 | · -                  | 21,411       |
| Investment Income                                    | (114)                  | 401                                 | 1,188,147                                  | 2  | -                 | 39                   | 1,188,475    |
| TIF Developer Contributions                          | -                      | -                                   | 59,374                                     | -  | •                 | -                    | 59,374       |
| Other  | 97,990                 | -                                   | 17,955                                     | (612)  | -                 | -                    | 115,333      |
| Total revenues                                       | 1,368,664              | 401                                 | 9,587,017                                  | (610)  | -                 | 39                   | 10,955,511   |
| Expenditures:<br>Current:<br>Capital outlay          | 4,862,939              | -                                   | 36,658,650                                 | (362)  | -                 | 1,696,077            | 43,217,304   |
| Debt service:  |                        |                                     |  |  |                   |                      |              |
| Principal<br>Interest and fiscal agent fees          | -                      | -                                   | -  | -  | -                 | -                    | -            |
| -  | ·                      | -                                   | 3,585,570                                  | •  | -                 | -                    | 3,585,570    |
| Total expenditures                                   | 4,862,939              | -                                   | 40,244,220                                 | (362)  | -                 | 1,696,077            | 46,802,874   |
| Excess (deficiency) of revenues<br>over expenditures | (3,494,275)            | 401                                 | (30,657,203)                               | (248)  | -                 | (1,696,038)          | (35,847,363) |
| Other financing sources (uses):                      |                        |                                     |  |  |                   |                      |              |
| Operating transfers in                               | 3,459,813              | -                                   | 18,994                                     | 250  | _                 | 1,696,077            | 5,175,134    |
| Operating transfers out                              | -                      | -                                   | (4,541,059)                                | -  | -                 | 1,000,011            | (4,541,059)  |
| Total other financing sources (uses)                 | 3,459,813              | -                                   | (4,522,066)                                | 250  | •                 | 1,696,077            | 634,074      |
| Net change in fund balances                          | (34,462)               | 401                                 | (35,179,269)                               | 2  | -                 | 39                   | (35,213,289) |
| Fund balances, beginning                             | (301,883)              | 19,000                              | 74,997,373                                 | 150  | (16,155)          | 9,547                | 74,708,032   |
| Fund balances, ending                                | \$ (336,345)           | 19,401                              | 39,818,104                                 | 152  | (16,155)          | 9,586                | 39,494,743   |
|  |                        |                                     | ······                                     | Environment and the second |                   |                      |              |

#### City of Independence, Missouri Balance Sheet TIF Funds 1/3 1/08

| Assets  | Mid Town<br>Truman | RSO              | Bolger<br>Square     | Santa Fe         | Sterling<br>Village | Hartman<br>Heritage | Oruman<br>Farm  | Eastland<br>Center   | North<br>Indep. | Mount<br>Washington | Hy-V ee           | Noland Rd<br>Autobody | Crackemeck<br>Creek                | Old<br>Landfill | Cornerstone<br>Apts | Trinity     | HCA              | TUF<br>App Fees     | Total<br>TIF<br>Funds            |
|---|--------------------|------------------|----------------------|------------------|---------------------|---------------------|-----------------|----------------------|-----------------|---------------------|-------------------|-----------------------|------------------------------------|-----------------|---------------------|-------------|------------------|---------------------|----------------------------------|
| Pooled cash and investments (note 3)<br>Receivables   | 641,675            | 89,371           | 1,658,422            | 6,428            | 4,075               | 2,125,371           | 1,014,178       | 1,153,144            | 47,639          | 103,660             | 275,167           | 38,198                | (669,123)                          | 225             | 248,649             | 74,055      | 1,924,990        | 14,754              | 8,751,879                        |
| Taxes<br>Accounts (net of allowance of \$443.838) (note 1D)   | (266)              | 8,500            | 17.000               | 11.860           | 1,385               | 291,654             | 22,319          | 415,564              | 3,600           | 900                 | 28,000            | •                     | 23,188                             | 21              | 36,919              | <b>\$</b> 1 | -                | 30                  | 860,724<br>30                    |
| Due from other governments (note 5)<br>Restricted assets (note 3 and 8)   | ÷                  | 1,100            | 81_827<br>825,063    | 1,562<br>997,287 |                     | 53,829<br>1,979,345 | 2,280<br>28,304 | 149,293<br>2.016.385 | 3,777           | 1,228               | 44,334            | :                     | 18,700,589                         |                 | :                   |             | 987<br>8,695,677 |                     | 340,217                          |
| Total assets  | 5 641,409          | \$ 98,971        | \$ 2,582,313         | \$ 1.017,138     | \$ 5,460            | \$ 4 451,198        | \$ 1,067.081    | \$ 3 734 386         | \$ 55,016       | \$ 105 788          | \$ 347.502        | \$ 38,198             | \$ 18,054,653                      | \$ 246          | \$ 285 568          | \$74 136    | \$10 621,654     | \$ 14785            | 33,242,651                       |
| Liabilities and Fund Balances<br>Liabilities  | Mid Town<br>Trumen | RSO              | Bolger<br>Square     | Santa Fe         | Sterling<br>Village | Hartman<br>Heritage | Drumm<br>Farm   | Eastland<br>Center   | North<br>Indep. | Mount<br>Washington | Hy-Vee            | Noland Rd<br>Autobody | Grackemeck<br>Greek                | Old<br>Landfill | Cornerstone<br>Apts | Trinky      | HCA              | TIF<br>App Fees     | Total<br>TIF<br>Funds            |
| Due to other funds (note 6)<br>Advances from other funds (note 6)   | :                  | -                | :                    | :                | :                   | :                   | :               | 1,590,547            | :               | :                   | :                 | :                     | 1,747,963<br>16,500                | :               | :                   | :           | 22,386           | :                   | 3,360,897<br>16,500              |
| Total Nabilies  |                    |                  | · ·                  |                  | -                   |                     |                 | 1,590,547            | · · · ·         | 0                   | •                 | ·                     | 1,764,463                          |                 |                     | •           | 22,386           | · ·                 | 3,377,397                        |
| Fund Batances:<br>Reserved for:<br>Encumbrances<br>Other purposes<br>Unreserved, reported in<br>Capatel project funds | 641,409            | -<br>-<br>98,971 | 825,063<br>1,757,250 | 997,287          | 5,460               | 1,958,900           | 12,394          | 2.016.385            | 55,018          | 105,788             | -<br>-<br>347,502 | 38,198                | 2.000<br>15.804,431<br>(2,412,399) | - 245           | 285,568             | 74,136      | 3.312.855        | 6,678<br>-<br>8,107 | 8,678<br>24,927,316<br>8,586,776 |
| Designated capital project funds<br>Total fund balance  | 641,409            | 98,971           | 2.582.313            | 1.017.138        | 5.460               | 20,445              | 15,910          | 2.143.839            | 55.016          | 105,788             | 347.502           | 38,198                | 2,896,158                          | 248             | 285.568             | 74.136      | 5,382,822        | 14,785              | 8,315,335                        |
| Total Babäues and fund balance  | \$ 641,409         |                  | \$ 2,582,313         | \$ 1,017,138     | \$ 5,460            | \$ 4,451,198        | \$ 1,067,081    |                      | \$ 55,016       | \$ 105,788          | \$ 347,502        | \$ 38,198             | \$ 18,054,653                      | \$ 246          | \$ 285,568          | \$74,136    | \$10,621,654     | 14,785              | 43,195.501                       |
|   |                    |                  |                      |                  |                     |                     |                 |                      |                 |                     |                   |                       |                                    |                 |                     |             |                  |                     |                                  |

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances The Funds For the Seven Months Ending January 31, 2008

| _                                    | Mid Town<br>Truman | RSO    | Bolger<br>Square | Santa Fe  | Sterling<br>Villege | Hartman<br>Hentage | Drumm<br>Farm | Eastland<br>Center | North<br>Indep. | Mount<br>Washington | Hy Vee  | Noland Rd<br>Autobody | Crackernack<br>Creek | Old<br>Landfill | Comerstone<br>Apts | Trinity | HCA          | TIF<br>App Fees | Total<br>TJF<br>Funds |
|--------------------------------------|--------------------|--------|------------------|-----------|---------------------|--------------------|---------------|--------------------|-----------------|---------------------|---------|-----------------------|----------------------|-----------------|--------------------|---------|--------------|-----------------|-----------------------|
| Revenues:<br>Taxes (note 4)          | 41,912             | 68,747 | 991,005          | 14.741    |                     |                    |               |                    |                 |                     |         |                       |                      |                 |                    |         |              |                 |                       |
| Charges for services                 | 41,912             | 68,747 | 891,005          | 14,741    | 5,558               | 1,458,383          | 419,394       | 2,424,667          | 59,277          | 12.280              | 404,100 | Z3.200                | 287,526              | 245             | 284,685            | 73,774  | 1,722,042    |                 | 8,311,540             |
| Investment Income                    | 13 452             | 1,601  | 38,697           | 27.610    | 16                  | 73,172             | 15.802        | 49.081             | 403             | 2.018               | 2 337   | 446                   | 748.690              | ÷               | 860                | 367     | 213,407      | 10,000          | 10.000 1,188,147      |
| TIF Developer Contributions          |                    |        |                  | 59,374    |                     |                    |               |                    |                 | 2.010               | 1,007   |                       | /40,000              |                 |                    | 302     | 213,407      |                 | 59,374                |
| Other (note 6)                       | •                  | •      | •                | 17,955    |                     |                    |               |                    |                 |                     |         |                       |                      | -               |                    |         |              |                 | 17.955                |
| Total revenues                       | 55,364             | 90,348 | 1,029,702        | 119.681   | 5,574               | 1,531,555          | 435,196       | 2,473,748          | 59,660          | 14,299              | 406,437 | 23,646                | 1,036,215            | 246             | 285,568            | 74,136  | 1,935 450    | 10,171          | 9,587,017             |
| Expenditures:<br>Current:            |                    |        |                  |           |                     |                    |               |                    |                 |                     |         |                       |                      |                 |                    |         |              |                 |                       |
| Capital outbay<br>Debt service       | 273,525            | 51.322 | 3,929            | 2,525     | •                   | 6,600              | 2,163         | 685,108            | 26,550          | 5,348               | 178,040 | -                     | 23,973,185           | •               | 36,048             | •       | 11 412,597   | 1,710           | 36,658 650            |
| Interest and fiscal agent fees       | •                  | •      | 46,865           | 245,453   | •                   | 387,771            | 70,277        | 392,130            | -               |                     |         |                       | 2.010,530            |                 |                    |         | 432,544      |                 | 3,585,570             |
| Total expenditures                   | 273,525            | 51,322 | 50,794           | 247,978   | · · ·               | 394,370            | 72,440        | 1.077.239          | 26,550          | 5,348               | 178,040 | <u> </u>              | 25,963,716           | <u>-</u>        | 36,048             |         | 11,845,141   | 1.710           | 40,244,220            |
| Excess (deficiency) of revenues      |                    |        |                  |           |                     |                    |               |                    |                 |                     |         |                       |                      |                 |                    |         |              |                 |                       |
| over expenditures                    | (218,161)          | 39,027 | 978,908          | (128,297) | 5,574               | 1,137,184          | 362,757       | 1,396,510          | 33,130          | 6,951               | 228,397 | 23,646                | (24 947,501)         | 246             | 249,520            | 74,136  | (9,909,691)  | 5,461           | (30,657,203)          |
| Other financing sources (uses):      |                    |        |                  |           |                     |                    |               |                    |                 |                     |         |                       |                      |                 |                    |         |              |                 |                       |
| Operating transfers in (note 6)      | -                  | -      |                  | 18,994    |                     | -                  |               |                    |                 |                     |         |                       |                      |                 |                    | -       |              | -               | 18,994                |
| Operating transfers out (note 6)     | · ·                |        | •                | -         | •                   | -                  | -             | (1,595,302)        | -               | -                   |         |                       | (1,763,728)          | •               | •                  | •       | (1,182,029)  |                 | (4,541,058)           |
| Total other financing sources (uses) |                    |        |                  | 18,994    |                     | <u> </u>           |               | (1,595,302)        | · · ·           |                     | •       | <u> </u>              | (1,763,726)          | •               | ·                  | ······  | (1,182,029)  |                 | (4,522,066)           |
|                                      |                    |        |                  |           |                     |                    |               |                    |                 |                     |         |                       |                      |                 |                    |         |              |                 |                       |
| Net change in fund balances          | (218,161)          | 39,027 | 978,908          | (109,304) | 5,574               | 1,137,184          | 362,757       | (198,792)          | 33,130          | 8,951               | 225,397 | 23,645                | (26,711,229)         | 245             | 249,520            | 74.136  | (11,091,720) | 8,461           | (35.179,269)          |
| Fund batances, beginning             | 859,570            | 59,944 | 1,603,405        | 1,126,441 | (114)               | 3,314 014          | 704,324       | 2.342,631          | 21,886          | 96,837              | 119,105 | 14,552                | 43,001,420           |                 | 36 048             |         | 21,690,985   | 6,323           | 74,897,373            |
| Fund batances, ending                | \$ 641,409         | 96,971 | 2,582,313        | 1,017,138 | 5,460               | 4,451,198          | 1,067,081     | 2,143,839          | 55,016          | 105,788             | 347,502 | 38,198                | 16,290,190           | 246             | 285,568            | 74,136  | 10,599,268   | 14,785          | 39,818,104            |
|                                      |                    |        |                  |           |                     |                    |               |                    |                 |                     |         |                       |                      |                 |                    |         |              |                 |                       |

(4,522,066)

30

CITY OF INDEPENDENCE, MISSOURI Combining Statement of Net Assets Internal Service Funds

January 31, 2008

| Accounts receivable2,7681,048Accrued interest receivable51,656Inventory108,067Property, plant, and equipment, net:Land and infrastructureBuildings, property, and equipment, netAdvance to other fundsDeferred debt issue costsPrepaid employee benefitsOther deferred chargesTotal current assets224,54265,4126,504,091Noncurrent assets:Property, plant, and equipment;146,481-Land93,979Depreciable property, plant, and equipment146,481-Less accumulated depreciation(144,602)-Total noncurrent assets95,858   | Worker's  | Total<br>(Exhibit 5) |
|---|-----------|----------------------|
| Accounts receivable       2,768       1,048       -         Accrued interest receivable       -       -       51,656         Inventory       108,067       -       -         Property, plant, and equipment, net:       -       -       -         Buildings, property, and equipment, net:       -       -       -         Advance to other funds       -       -       -         Prepride employee benefits       -       -       -         Deferred debt issue costs       -       -       -         Other deferred charges       -       -       -         Total current assets       224,542       65,412       6,504,091         Noncurrent assets:       Property, plant, and equipment;       -       -         Land       93,979       -       -       -         Land an oncurrent assets       95,858       -       -       -         Total assets       S       320,400       65,412       6,504,091       -         Liabilities:       -       -       -       -       -         Total assets       S       320,400       65,412       6,504,091       -         Liabilitities:       -       -  |           |                      |
| Accrued interest receivable       -       -       51,656         Inventory       108,067       -       -         Property, plant, and equipment, net:       -       -       -         Buildings, property, and equipment, net:       -       -       -         Buildings, property, and equipment, net:       -       -       -         Advance to other funds       -       -       -         Deferred debt issue costs       -       -       -         Prepaid employee benefits       -       -       -         Other deferred charges       -       -       -         Total current assets       224,542       65,412       6,504,091         Noncurrent assets:       Property, plant, and equipment;       -       -         Land       93,979       -       -       -         Total noncurrent assets       95,858       -       -       -         Total assets       \$       320,400       65,412       6,504,091       -         Liabilities       20,511       -       -       -       -         Current liabilities:       20,511       -       -       -       -         Accounts and contracts payable       \$ <td>(404,734)</td> <td>6,225,771</td> | (404,734) | 6,225,771            |
| Inventory       108,067       -       -         Property, plant, and equipment, net:       -       -       -         Land and infrastructure       -       -       -         Buildings, property, and equipment, net       -       -       -         Advance to other funds       -       -       -         Deferred debt issue costs       -       -       -         Prepaid employee benefits       -       -       -         Other deferred charges       -       -       -         Total current assets:       Property, plant, and equipment;       146,481       -       -         Land       93,979       -       -       -       -       -         Total noncurrent assets       95,858       - <td>—</td> <td>3,816</td>   | —         | 3,816                |
| Property, plant, and equipment, net:  |           | 51,656               |
| Land and infrastructureBuildings, property, and equipment, netAdvance to other fundsDeferred debt issue costsPrepaid employee benefitsOther deferred chargesTotal current assets $224,542$ $65,412$ $6,504,091$ Noncurrent assets:Property, plant, and equipment;Land $93,979$ Depreciable property, plant, and equipment $146,481$ -Less accumulated depreciation $(144,602)$ -Total assets $5,858$ Total assets $5,320,400$ $65,412$ $6,504,091$ Liabilities:Accounts and contracts payable $$3,0,057$ $232,777$ -Accrued liabilities $20,511$ Compensated absences - current $34,266$ Employee benefits payableTotal current liabilities $90,834$ $232,777$ $1,215,829$ Noncurrent liabilities $90,834$ $232,777$ $1,215,829$ Noncurrent liabilities $90,834$ $232,777$ $1,215,829$ Noncurrent liabilities $11,386$ Total liabilities $154,092$ $232,777$ $1,215,829$ Net Assets   |           | 108,067              |
| Buildings, property, and equipment, net   |           | —                    |
| Advance to other funds            Deferred debt issue costs            Prepaid employee benefits            Other deferred charges            Total current assets       224,542       65,412       6,504,091         Noncurrent assets:       Property, plant, and equipment;           Land       93,979           Depreciable property, plant, and equipment       146,481           Less accumulated depreciation       (144,602)           Total noncurrent assets       95,858           Total assets       \$       320,400       65,412       6,504,091         Liabilities       Current liabilities            Courted liabilities       20,511            Compensated absences - current       34,266            Medical self-insurance claims   | _         | _                    |
| Deferred debt issue costs            Prepaid employee benefits            Other deferred charges            Total current assets       224,542       65,412       6,504,091         Noncurrent assets:            Property, plant, and equipment;            Land       93,979           Depreciable property, plant, and equipment       146,481           Total noncurrent assets       95,858            Total assets       93,2000       65,412       6,504,091          Labilities              Total noncurrent assets       95,858             Labilities       20,400       65,412       6,504,091           Current liabilities       20,511             Compensated absences - current       34,266   | _         |                      |
| Prepaid employee benefits            Other deferred charges            Total current assets       224,542       65,412       6,504,091         Noncurrent assets:       Property, plant, and equipment;           Land       93,979           Depreciable property, plant, and equipment       146,481           Less accumulated depreciation       (144,602)           Total noncurrent assets       95,858           Total assets       \$       320,400       65,412       6,504,091         Liabilities       \$       36,057       232,777          Accrued liabilities       20,511       -          Accrued liabilities       20,511       -          Compensated absences - current       34,266       -          Medical self-insurance claims       -       -       -         Total current liabilities       90,834       232,777       1,215,829         Noncurrent liabilities:       -       -       -         Compensated absences - long-term       \$1,873       -       -  | _         | _                    |
| Other deferred charges $ -$ Total current assets $224,542$ $65,412$ $6,504,091$ Noncurrent assets:Property, plant, and equipment;Land $93,979$ $ -$ Depreciable property, plant, and equipment $146,481$ $ -$ Less accumulated depreciation $(144,602)$ $ -$ Total noncurrent assets $95,858$ $ -$ Total assets $$320,400$ $65,412$ $6,504,091$ Liabilities $$20,511$ $ -$ Current liabilities: $$20,511$ $ -$ Accrued liabilities $$20,511$ $ -$ Compensated absences - current $$34,266$ $ -$ Employee benefits payable $  -$ Total current liabilities: $  -$ Compensated absences - long-term $$1,873$ $ -$ Oncurrent liabilities: $232,777$ $1,215,829$ $-$ Noncurrent liabilities: $  -$ Compensated absences - long-term $$1,873$ $ -$ Other post employment benefits $11,386$ $ -$ Total liabilities $154,092$ $232,777$ $1,215,829$ Net Assets $  -$   | _         | _                    |
| Total current assets       224,542       65,412       6,504,091         Noncurrent assets:       Property, plant, and equipment;  |           | _                    |
| Noncurrent assets:         Property, plant, and equipment;         Land       93,979         Depreciable property, plant, and equipment       146,481         Less accumulated depreciation       (144,602)         Total noncurrent assets       95,858         Total assets       \$ 320,400         Liabilities       6,504,091         Current liabilities:   | _         | _                    |
| Noncurrent assets:         Property, plant, and equipment;         Land       93,979         Depreciable property, plant, and equipment       146,481         Less accumulated depreciation       (144,602)         Total noncurrent assets       95,858         Total assets       \$320,400         Liabilities       93,979         Current liabilities:       \$320,400         Accounts and contracts payable       \$36,057         Accrued liabilities       20,511         Compensated absences - current       34,266         Employee benefits payable       -         Medical self-insurance claims       -         Total current liabilities:       90,834         Compensated absences - long-term       \$1,873         Other post employment benefits       11,386         Total liabilities       11,386         Total liabilities       11,386         Met Assets       154,092  | (404,734) | 6,389,311            |
| Land93,979Depreciable property, plant, and equipment146,481Less accumulated depreciation(144,602)Total noncurrent assets95,858Total assets\$ 320,40065,4126,504,091LiabilitiesCurrent liabilities:Accounts and contracts payable\$ 36,057232,777Accrued liabilitiesCompensated absences - current34,266-Employee benefits payableMedical self-insurance claimsTotal current liabilities:90,834232,777Noncurrent liabilities:51,873-Compensated absences - long-term51,873-Other post employment benefits11,386-Total liabilities154,092232,777Net Assets  | (11)      |                      |
| Depreciable property, plant, and equipment146,481Less accumulated depreciation(144,602)Total noncurrent assets95,858Total assets\$ 320,40065,412Current liabilities65,4126,504,091Current liabilities:20,511Accrued liabilities20,511Compensated absences - current34,266Employee benefits payableMedical self-insurance claimsTotal current liabilities:90,834232,777Noncurrent liabilities:51,873Compensated absences - long-term51,873Other post employment benefits11,386Total liabilities154,092232,777Net Assets154,092232,777  |           |                      |
| Depreciable property, plant, and equipment       146,481       —       —         Less accumulated depreciation       (144,602)       —       —         Total noncurrent assets       95,858       —       —         Total assets       \$ 320,400       65,412       6,504,091         Liabilities       \$ 320,400       65,412       6,504,091         Current liabilities:       \$ 36,057       232,777       —         Accounts and contracts payable       \$ 20,511       —       —         Compensated absences - current       34,266       —       —         Employee benefits payable       —       —       1,215,829         Total current liabilities       90,834       232,777       1,215,829         Noncurrent liabilities:       90,834       232,777       1,215,829         Compensated absences - long-term       \$1,873       —       —         Other post employment benefits       11,386       —       —         Total liabilities       154,092       232,777       1,215,829         Net Assets        —       —   | _         | 93,979               |
| Total noncurrent assets       95,858  | _         | 146,481              |
| Total assets\$320,40065,4126,504,091LiabilitiesCurrent liabilities:Accounts and contracts payable\$36,057232,777Accrued liabilities20,511Compensated absences - current34,266Employee benefits payableMedical self-insurance claims1,215,829Total current liabilities90,834232,7771,215,829Noncurrent liabilities:51,873Other post employment benefits11,386Total liabilities154,092232,7771,215,829Net Assets  |           | (144,602)            |
| Liabilities       0.110       0.010         Current liabilities:       Accounts and contracts payable       \$ 36,057       232,777          Accrued liabilities       20,511            Compensated absences - current       34,266            Employee benefits payable             Medical self-insurance claims         1,215,829         Total current liabilities       90,834       232,777       1,215,829         Noncurrent liabilities:            Compensated absences - long-term       51,873           Other post employment benefits       11,386           Total liabilities       154,092       232,777       1,215,829         Net Assets  |           | 95,858               |
| Liabilities         Current liabilities:         Accounts and contracts payable       \$ 36,057       232,777         Accrued liabilities       20,511          Compensated absences - current       34,266          Employee benefits payable           Medical self-insurance claims           Total current liabilities:       90,834       232,777       1,215,829         Noncurrent liabilities:            Other post employment benefits       11,386           Total liabilities       154,092       232,777       1,215,829   | (404,734) | 6,485,170            |
| Accounts and contracts payable       \$ 36,057       232,777          Accrued liabilities       20,511           Compensated absences - current       34,266           Employee benefits payable            Medical self-insurance claims         1,215,829         Total current liabilities       90,834       232,777       1,215,829         Noncurrent liabilities:            Other post employment benefits       11,386           Total liabilities       154,092       232,777       1,215,829          Net Assets   |           |                      |
| Accrued liabilities20,511Compensated absences - current34,266Employee benefits payableMedical self-insurance claimsTotal current liabilities90,834232,777Noncurrent liabilities:51,873Compensated absences - long-term51,873Other post employment benefits11,386Total liabilities154,092232,777Net Assets   |           |                      |
| Accrued liabilities20,511Compensated absences - current34,266Employee benefits payableMedical self-insurance claimsTotal current liabilities90,834232,777Noncurrent liabilities:Compensated absences - long-term51,873Other post employment benefits11,386Total liabilities154,092232,777Net Assets   | 447       | 269.281              |
| Compensated absences - current34,266-Employee benefits payableMedical self-insurance claimsTotal current liabilities90,834232,777Noncurrent liabilities:90,834232,777Compensated absences - long-term51,873-Other post employment benefits11,386-Total liabilities154,092232,777Net Assets  | 1.923     | 22.434               |
| Employee benefits payableMedical self-insurance claimsTotal current liabilities90,834232,777Noncurrent liabilities:90,834232,777Compensated absences - long-term51,873Other post employment benefits11,386Total liabilities154,092232,777Net Assets   | 11,481    | 45,747               |
| Medical self-insurance claims1,215,829Total current liabilities90,834232,7771,215,829Noncurrent liabilities:51,873Compensated absences - long-term51,873Other post employment benefits11,386Total liabilities154,092232,7771,215,829Net Assets  |           |                      |
| Total current liabilities90,834232,7771,215,829Noncurrent liabilities:<br>Compensated absences - long-term51,873——Other post employment benefits11,386——Total liabilities154,092232,7771,215,829Net AssetsItal abilitiesItal abilitiesItal abilities  | _         | 1,215,829            |
| Noncurrent liabilities:     Image: Signal system       Compensated absences - long-term     51,873       Other post employment benefits     11,386       Total liabilities     154,092       Net Assets   | 13.851    | 1,553,291            |
| Other post employment benefits     11,386        Total liabilities     154,092     232,777     1,215,829       Net Assets   | 10,001    | 1,555,271            |
| Other post employment benefits     11,386        Total liabilities     154,092     232,777     1,215,829       Net Assets   | 26,696    | 78,568               |
| Total liabilities         154,092         232,777         1,215,829           Net Assets  | 20,070    | 11,386               |
| Net Assets  | 40,547    | 1,643,246            |
|   | 1,10,01   | 1,045,240            |
|   | _         | 95,858               |
| Unrestricted 70,449 (167,365) 5,288,262   | (445,281) | 4,746,065            |
|   | (445,281) | 4,841,924            |
|   | (404,734) | 6,485,170            |

# Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds Year ended January 31, 2008

| Y | ear | enc | led | Janu | ary | 31 | ١, | 2008 |  |
|---|-----|-----|-----|------|-----|----|----|------|--|
|---|-----|-----|-----|------|-----|----|----|------|--|

|                               |    |           | Pharmacy  | Staywell  |             |             |
|-------------------------------|----|-----------|-----------|-----------|-------------|-------------|
|                               |    | Central   | Benefit   | Health    | Worker's    | Total       |
|                               |    | Garage    | Plan      | Care      | Comp        | (Exhibit 6) |
| Operating revenues:           |    |           |           |           |             |             |
| Charges for services          | \$ | 1,266,092 |           |           | _           | 1,266,092   |
| Miscellaneous                 |    |           | 349,574   | 7,605,370 |             | 7,954,944   |
| Total operating revenues      |    | 1,266,092 | 349,574   | 7,605,370 |             | 9,221,036   |
| Operating expenses:           |    |           |           |           |             |             |
| Personal services             |    | 395,978   | _         |           | 4,098,961   | 4,494,939   |
| Other services                |    | 241,344   | 420,118   | 6,448,186 | 166,919     | 7,276,566   |
| Supplies                      |    | 684,885   | _         | _         | 4,577       | 689,462     |
| Capital outlay                |    |           |           |           | 3,192       | 3,192       |
| Depreciation and amortization |    | 321       |           | _         | _           | 321         |
| Total operating expenses      |    | 1,322,527 | 420,118   | 6,448,186 | 4,273,649   | 12,464,480  |
| Operating Income              |    | (56,435)  | (70,544)  | 1,157,183 | (4,273,649) | (3,243,444) |
| Nonoperating revenues:        |    |           |           |           |             |             |
| Interest revenue              |    | 2,033     | 612       | 160,126   | 2,386       | 165,157     |
| Miscellaneous revenue         |    | 24,162    | 6,794     | 114,285   | 3,242,197   | 3,387,438   |
| Total nonoperating revenue    |    | 26,195    | 7,406     | 274,411   | 3,244,582   | 3,552,596   |
| Income before transfers       |    | (30,240)  | (63,138)  | 1,431,594 | (1,029,067) | 309,149     |
| Transfers in (out)            |    | _         |           |           | 583,786     | 583,786     |
| Change in net assets          |    | (30,240)  | (63,138)  | 1,431,594 | (445,281)   | 892,935     |
| Total net assets (deficit):   |    |           |           |           |             |             |
| Beginning of the period       | _  | 196,548   | (104,227) | 3,856,668 | _           | 3,948,989   |
| End of the period             | \$ | 166,308   | (167,365) | 5,288,262 | (445,281)   | 4,841,924   |

# Combining Statement of Fiduciary Net Assets

# Fiduciary Funds

# January 31, 2008

|  | Pu                                   | Private-<br>irpose Trust<br>Fund |        |                             | Agency Funds            |                               |         |
|--|--------------------------------------|----------------------------------|--------|-----------------------------|-------------------------|-------------------------------|---------|
| Assets   | Miscellaneous<br>Expendable<br>Trust |                                  | Total  | Flexible<br>Benefit<br>Plan | Susie<br>Block<br>Trust | Seniors<br>Travel<br>Programs | Total   |
| Pooled cash and investments<br>Accrued interest receivable   | \$                                   | 67,220                           | 67,220 | 97,172                      | 30,389<br>608           | 21,510                        | 149,071 |
| Total assets<br>Due from flexible benefit plan   | \$                                   | 67,220                           | 67,220 | 97,172                      | 30,997                  | 21,510                        | 149.679 |
| Liabilities  |                                      |                                  |        |                             |                         |                               |         |
| Accounts and contacts payable<br>Internal balances (note 6)<br>Liabilities payable from restricted assets: | \$                                   | _                                | _      | _                           | _                       | _                             | _       |
| Funds held in Escrow<br>Employee deferred credit   |                                      | _                                |        |                             | 30,996                  | 21,510                        | 52,506  |
| Total liabilities  |                                      |                                  |        | 97,173                      |                         |                               | 97,173  |
| Net Assets   | <del></del>                          |                                  |        | 97,173                      | 30,996                  | 21,510                        | 149.679 |
| Held in trust  | s                                    | 67,220                           | 67,220 |                             |                         |                               |         |

CITY OF INDEPENDENCE SCHEDULE/OF CASH & INVESTMENTS BY FUND January 31, 2008 DUE TO

|                          | CASH &        | RESTRICTED    | DUE TO<br>POOLED |                |
|--------------------------|---------------|---------------|------------------|----------------|
| FUND                     | INVESTMENTS   | CASH          | CASH             | TOTAL          |
| GENERAL                  | 4,475,645.52  | 430,406.22    | -                | 4,906,051.74   |
| SPECIAL REVENUE          |               |               |                  |                |
| TOURISM                  | 1,544,905.38  | -             | -                | 1,544,905.38   |
| CDA                      | -             | -             | (163,592.14)     | (163,592.14)   |
| RENTAL REHAB             | -             | -             | (49,798.48)      | (49,798.48)    |
| INDEP. SQUARE BENEFIT    | 46,515.37     | -             | -                | 46,515.37      |
| STREET SALES TAX         | 985,789.24    | 559,549.37    | -                | 1,545,338.61   |
| PARKS SALES TAX          | -             | 73,988.41     | (1,587,480.94)   | (1,513,492.53) |
| STORM WATER SALES TAX    | 11,287,618.75 | 97,605.42     | -                | 11,385,224.17  |
| POLICE SALES TAX         | 2,445,946.09  | 0.38          | -                | 2,445,946.47   |
| FIRE SALES TAX           | 4,684,036.10  | 0.43          | -                | 4,684,036.53   |
| LICENSE SURCHARGE        | 3,478,577.61  | -             | -                | 3,478,577.61   |
| GRANT                    | -             | -             | (143,533.16)     | (143,533.16)   |
| TOTAL                    | 24,473,388.54 | 731,144.01    | (1,944,404.72)   | 23,260,127.83  |
| DEBT SERVICE FUND        | 45,501.20     | 94,000.00     | -                | 139,501.20     |
| CAPITAL PROJECTS         |               |               |                  |                |
| STREET                   | -             | -             | (2,180,452.89)   | (2,180,452.89) |
| TIF                      | 8,751,879.00  | 33,242,650.77 | -                | 41,994,529.77  |
| BUILDING                 | 152.36        | -             | -                | 152.36         |
| STORM DRAINAGE           | -             | -             | (16,155.37)      | (16,155.37)    |
| PARKS                    | -             | -             | (1,557,416.74)   | (1,557,416.74) |
| REVOLVING PUBLIC IMPROV. | 19,400.87     | -             | -                | 19,400.87      |
| TOTAL                    | 8,771,432.23  | 33,242,650.77 | (3,754,025.00)   | 38,260,058.00  |
| ENTERPRISE               |               |               |                  |                |
| POWER & LIGHT            | 20,598,318.12 | 2,601,864.26  | -                | 23,200,182.38  |
| WATER                    | 3,914,873.31  | 795,010.02    | -                | 4,709,883.33   |
| SEWER                    | 11,345,034.70 | 222,091.58    | -                | 11,567,126.28  |
| TOTAL                    | 35,858,226.13 | 3,618,965.86  | -                | 39,477,191.99  |
| INTERNAL SERVICE         |               |               |                  |                |
| CENTRAL GARAGE           | 113,706.34    | -             | -                | 113,706.34     |
| PHARMACY BENEFIT FUND    | 64,364.13     | -             | -                | 64,364.13      |
| STAYWELL INSURANCE       | 6,452,434.55  | -             | -                | 6,452,434.55   |
| WORKER'S COMPENSATION    | -             | -             | (404,733.84)     | (404,733.84)   |
| TOTAL                    | 6,630,505.02  | -             | -                | 6,630,505.02   |
| TRUST & AGENCY           |               |               |                  |                |
| WAGGONER                 | -             | -             | -                | -              |
| MISC TRUST               | 67,220.47     | -             | -                | 67,220.47      |
| SUSIE PAXTON BLOCK TRUST | 30,388.62     | -             | -                | 30,388.62      |
| SENIORS TRAVEL PROGRAMS  | 21,510.12     | -             | -                | 21,510.12      |
| FLEXIBLE BENEFITS        | 97,171.52     | -             |                  | 97,171.52      |
| TOTAL                    | 216,290.73    | -             | -                | 216,290.73     |
| GRAND TOTAL              | 80,470,989.37 | 38,117,166.86 | (5,698,429.72)   | 112,889,726.51 |
|                          |               |               |                  |                |

|   | e nama da da da la componiente                                       | EPENDENCE<br>STMENTS BY C  | ATECODY  |  |
|---|--|--|--|--|
|   | no het Gesterne en stat  | / 31, 2008   | AIEGURI  |  |
|   | January  | / 31, 2000   |  |  |
|   |  |  |  |  |
|   |  |  |  |  |
| INICTITUTION  | DUE  | ORIGINAL   | MARKET   | VIELD  |
| INSTITUTION   | DATE   | COST   | VALUE  | YIELD  |
| CASH IN BANK  |  | 45,360,881.81  | 45,360,881.81  |  |
| CERTIFICATE OF DEPOSIT  |  |  |  |  |
| Commerce  | 11/26/08   | 8,000,000.00   | 8,000,000.00   | 4.100%   |
| Commerce  | 04/23/08   | 11,000,000.00  | 11,000,000.00  | 3.170%   |
| Commerce  | 07/18/08   | 10,000,000.00  | 10,000,000.00  | 3.030%   |
| TOTAL   |  | 29,000,000.00  | 29,000,000.00  |  |
|   |  |  |  |  |
| U. S. TREASURY NOTES & A  | GENCY NOTES  |  |  |  |
| U. S. TREASURY NOTES & A  | GENCY NOTES<br>02/15/27  | 18,887.50  | 26,652.34  | 7.074%   |
|   |  | 18,887.50<br>8,011,264.48  | 26,652.34<br>8,011,264.48  | 7.074%<br>5.255%                               |
| Commerce  | 02/15/27   |  |  |  |
| Commerce<br>Commerce  | 02/15/27<br>02/01/08   | 8,011,264.48   | 8,011,264.48   | 5.255%   |
| Commerce<br>Commerce<br>Merrill Lynch                                     | 02/15/27<br>02/01/08<br>03/15/08                                     | 8,011,264.48<br>5,866,200.00   | 8,011,264.48<br>5,866,200.00   | 5.255%<br>5.065%<br>5.110%                     |
| Commerce<br>Merrill Lynch<br>UMB  | 02/15/27<br>02/01/08<br>03/15/08<br>03/15/08                         | 8,011,264.48<br>5,866,200.00<br>4,891,841.48                                 | 8,011,264.48<br>5,866,200.00<br>4,891,841.48                                 | 5.255%<br>5.065%                               |
| Commerce<br>Commerce<br>Merrill Lynch<br>UMB<br>Merrill Lynch             | 02/15/27<br>02/01/08<br>03/15/08<br>03/15/08<br>09/15/08             | 8,011,264.48<br>5,866,200.00<br>4,891,841.48<br>5,726,540.00                 | 8,011,264.48<br>5,866,200.00<br>4,891,841.48<br>5,726,540.00                 | 5.255%<br>5.065%<br>5.110%<br>4.759%<br>4.486% |
| Commerce<br>Commerce<br>Merrill Lynch<br>UMB<br>Merrill Lynch<br>Commerce | 02/15/27<br>02/01/08<br>03/15/08<br>03/15/08<br>09/15/08<br>10/15/08 | 8,011,264.48<br>5,866,200.00<br>4,891,841.48<br>5,726,540.00<br>6,007,946.40 | 8,011,264.48<br>5,866,200.00<br>4,891,841.48<br>5,726,540.00<br>6,007,946.40 | 5.255%<br>5.065%<br>5.110%<br>4.759%           |

### CITY OF INDEPENDENCE, MISSOURI CASH FLOW ANALYSIS OF STAYWELL HEALTH CARE PLAN PLAN YEAR 2008

|                           |              |              | -            |              |              |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
|                           |              |              |              | PLAN YEAR    | AVG COST     |
|                           | Jan-08       | Feb-08       | Mar-08       | TOTALS       | PLAN YEAR    |
| NUMBER OF PARTICIPANTS    |              |              |              |              |              |
| MEDICAL PLAN:             |              |              |              |              |              |
| REGULAR RATES EMPLOYEE    | 199          |              |              | 199          | 199          |
| FAMILY                    | 520          |              |              | 520          | 520          |
| RETIREE RATES             |              |              |              |              |              |
| EMPLOYEE                  | 58           |              |              | 58           | 58           |
| FAMILY                    | 96           |              |              | 96           | 96           |
| MEDICARE RATE INDIVIDUAL  | 147          |              |              | 147          | 147          |
| FAMILY + 1                | 75           |              |              | 75           | 75           |
| FAMILY + 2                | 123          |              |              | 123          | 123          |
| OTHER _                   |              |              |              | 0            | 0            |
| MEDICAL PLAN PARTICIPANTS | 1,218        | 0            | 0            | 1,218        | 1,218        |
| CASH BALANCE FORWARD      | 6,315,043.57 | 6,444,023.92 | 6,444,023.92 |              |              |
| RECEIPTS:                 |              |              |              |              |              |
| PREMIUMS:                 |              |              |              |              |              |
| MEDICAL                   | 1,102,345.87 |              |              | 1,102,345.87 | 1,102,345.87 |
| INTEREST INCOME           | 10,668.91    |              |              | 10,668.91    | 10,668.91    |
| REINSURANCE REIMB .:      |              |              |              | 0.00         | 0.00         |
| AGGREGATE                 |              |              |              | 0.00         | 0.00         |
| SPECIFIC                  |              |              |              | 0.00         | 0.00         |
| SUBTOTAL                  | 0.00         | 0.00         | 0.00         | 0.00         | 0.00         |
| CLAIM REFUNDS:            | 9,647.65     |              |              | 9,647.65     | 9,647.65     |
| MEDICARE D                |              |              |              | 0.00         | 0.00         |
| TOTAL RECEIPTS            | 1,122,662.43 | 0.00         | 0.00         | 1,122,662.43 | 1,122,662.43 |
| DISBURSEMENTS:            |              |              |              |              |              |
| BENEFITS:                 |              |              |              |              |              |
| MEDICAL                   | 695,408.90   |              |              | 695,408.90   | 695,408.90   |
| VISION                    | 11,969.91    |              |              | 11,969.91    | 11,969.91    |
| PREFERRED RX              | 223,703.92   |              |              | 223,703.92   | 223,703.92   |
| SUBTOTAL                  | 931,082.73   | 0.00         | 0.00         | 931,082.73   | 931,082.73   |
|                           |              |              |              |              |              |

36

## CITY OF INDEPENDENCE, MISSOURI CASH FLOW ANALYSIS OF STAYWELL HEALTH CARE PLAN PLAN YEAR 2008

|                             | Jan-08       | Feb-08       | Mar-08       | TOTALS     | PLAN YEAR  |
|-----------------------------|--------------|--------------|--------------|------------|------------|
| DISBURSEMENTS CONT .:       |              |              |              |            |            |
| ADMINISTRATION:             |              |              |              |            |            |
| THIRD PARTY ADMINISTRATOR   | 12,731.60    |              |              | 12,731.60  | 12,731.60  |
| UTILIZATION REVIEW          | 3,133.22     |              |              | 3,133.22   | 3,133.22   |
| SUBTOTAL                    | 15,864.82    | 0.00         | 0.00         | 15,864.82  | 15,864.82  |
| REINSURANCE PREMIUM:        |              |              |              |            |            |
| AGGREGATE                   | 39,095.85    |              |              | 39,095.85  | 39,095.85  |
| SPECIFIC                    | 2,414.15     |              |              | 2,414.15   | 2,414.15   |
| SUBTOTAL                    | 41,510.00    | 0.00         | 0.00         | 41,510.00  | 41,510.00  |
| PPO                         |              |              |              |            |            |
| NETWORK                     | 4,225.20     |              |              | 4,225.20   | 4,225.20   |
| NON NETWORK DISCOUNT        |              |              |              | 0.00       | 0.00       |
| SUBTOTAL                    | 4,225.20     | 0.00         | 0.00         | 4,225.20   | 4,225.20   |
| OTHER:                      |              |              |              |            |            |
| BANK SERV CHARGES           | 438.73       |              |              | 438.73     | 438.73     |
| RECORDS                     | 81.10        |              |              | 81.10      | 81.10      |
| MISCELLANEOUS               | 479.50       |              |              | 479.50     | 479.50     |
| CONSULTING                  |              |              |              | 0.00       | 0.00       |
| SUBTOTAL                    | 999.33       | 0.00         | 0.00         | 999.33     | 999.33     |
| TOTAL DISB.                 | 993,682.08   | 0.00         | 0.00         | 993,682.08 | 993,682.08 |
| ENDING CASH BALANCE         | 6,444,023.92 | 6,444,023.92 | 6,444,023.92 |            |            |
| ACCRUED REINSURANCE PROCEED | 0.00         | 0.00         | 0.00         |            |            |
| ACCRUED ACCOUNTS PAYABLE    | 1,215,829.00 | 1,215,829.00 | 1,215,829.00 |            |            |
| ENDING RESERVE BALANCE      | 5,228,194.92 | 5,228,194.92 | 5,228,194.92 |            |            |

37

### CITY OF INDEPENDENCE, MISSOURI CASH FLOW ANALYSIS OF STAYWELL HEALTH CARE PLAN JANUARY 2008

| CURRENT MONTH |              |              | PLAN YEAR TO DATE |                                 |              |              |              |          |
|---------------|--------------|--------------|-------------------|---------------------------------|--------------|--------------|--------------|----------|
| THIS YEAR     | LAST YEAR    | CHANGE       | % CHANGE          | DESCRIPTION                     | THIS YEAR    | LAST YEAR    | CHANGE       | % CHANGE |
| <u></u>       |              |              |                   | NUMBER OF PARTICIPANTS          |              |              |              |          |
|               |              |              |                   | MEDICAL PLAN:                   |              |              |              |          |
|               |              |              |                   | REGULAR RATES                   |              |              |              |          |
| 199           | 202          | (3)          | (1.49)            | EMPLOYEE                        | 199          | 202          | (3)          | (1.49)   |
| 520           | 527          | (7)          | (1.33)            | FAMILY                          | 520          | 527          | (7)          | (1.33)   |
|               | -            | _            |                   | RETIREE RATES                   |              |              |              |          |
| 58            | 55           | 3            | 5.45              | EMPLOYEE                        | 58           | 55           | 3            | 5.45     |
| 96            | 106          | (10)         | (9.43)            | FAMILY                          | 96           | 106          | (10)         | -        |
|               | -            |              |                   | MEDICARE RATES                  |              |              | 10           | 40.04    |
| 147           | 131          | 16           | 12.21             | INDIVIDUAL                      | 147          | 131          | 16           | 12.21    |
| 75            | 56           | 19           | 33.93             | FAMILY + 1                      | 75           | 56           | 19           | 33.93    |
| 114           | 118          | (4)          | (3.39)            | FAMILY + 2                      | 114          | 118          | (4)          | -        |
| 9             | 8            | 1            | 12.50             | OTHER                           | 9            | 8            | <u> </u>     | 12.50    |
| 1,218         | 1,203        | 15           | 1.25              | TOTAL MEDICAL PLAN PARTICIPANTS | 1,218        | 1,203        |              | 1.25     |
| 6,315,043.57  | 4,009,959.19 | 2,305,084.38 | 57.48             | CASH BALANCE FORWARD            | 6,315,043.57 | 4,009,959.19 | 2,305,084.38 | 57.48    |
| 38            | -            |              |                   | RECEIPTS:                       |              |              |              |          |
|               |              |              |                   | PREMIUMS:                       |              |              |              |          |
| 1,102,345.87  | 1,093,641.73 | 8,704.14     | 0.80              | MEDICAL                         | 1,102,345.87 | 1,093,641.73 | 8,704.14     | 0.80     |
| 10,668.91     | 16,609.82    | (5,940.91)   | (35.77)           | INTEREST INCOME                 | 10,668.91    | 16,609.82    | (5,940.91)   | (35.77)  |
| -             | -            |              |                   | REINSURANCE REIMBURSEMENT       | *            | -            |              |          |
| -             | -            | -            | -                 | AGGREGATE                       | -            | -            | -            | -        |
| -             | -            |              |                   | SPECIFIC                        |              |              |              | <u> </u> |
| 1,113,014.78  | 1,110,251.55 | 2,763.23     | 0.25              | SUBTOTAL                        | 1,113,014.78 | 1,110,251.55 | 2,763.23     | 0.25     |
| 9.647.65      | 1,427.56     | 8,220.09     | 575.81            | CLAIM REFUNDS                   | 9,647.65     | 1,427.56     | 8,220.09     | 575.81   |
| -             | -            |              |                   | MEDICARE D                      | •            | _            | -            |          |
| 1,122,662.43  | 1,111,679.11 | 10,983.32    | 0.99              | TOTAL RECEIPTS                  | 1,122,662.43 | 1,111,679.11 | 10,983.32    | 0.99     |
|               |              |              |                   | DISBURSEMENTS:                  |              |              |              |          |
|               |              |              |                   | BENEFITS:                       |              |              |              |          |
| 695,408.90    | 821,352.36   | (125,943.46) | (15.33)           | MEDICAL                         | 695,408.90   | 821,352.36   | (125,943.46) | (15.33)  |
| -             | -            | -            | -                 | CHECKS WRITTEN OFF              | -            | -            | -            | -        |
| 11,969.91     | 12,164.23    | (194.32)     | (1.60)            | VISION                          | 11,969.91    | 12,164.23    | (194.32)     | (1.60)   |
| 223,703.92    | 326,955.39   | (103,251.47) | (31.58)           | PREFERRED RX                    | 223,703.92   | 326,955.39   | (103,251.47) | (31.58)  |
| -             | -            | -            | -                 | REVERSE JANUARY ADJUSTMENT      | -            | -            | -            | -        |
| <u> </u>      | <u> </u>     | <u> </u>     |                   | VOIDS AND STOP PAYMENTS         |              | <u>w</u>     |              |          |
| 931,082.73    | 1,160,471.98 | (229,389.25) | (19.77)           | SUBTOTAL                        | 931,082.73   | 1,160,471.98 | (229,389.25) | (19.77)  |

| CITY OF INDEPENDENCE, MISSOURI                  |  |
|---|--|
| CASH FLOW ANALYSIS OF STAYWELL HEALTH CARE PLAN |  |
| JANUARY 2008                                    |  |

| THIS YEAR         LAST YEAR         CHANGE         % CHANGE         DESCRIPTION         THIS YEAR         LAST YEAR           12,731.60         12,120.40         611.20         5.04         THIRD PARTY ADMINISTRATION         12,731.60         12,120.40           3,133.22         3,002.35         130.87         4.36         UTILIZATION REVIEW         3,133.22         3,002.35           15,864.82         15,122.75         742.07         4.91         SUBTOTAL         15,864.82         15,122.75           39,095.85         28,327.29         10,768.56         38.01         AGGREGATE         39,095.85         28,327.29           2,414.15         3,158.80         (744.65)         (23.57)         SPECIFIC         2,414.15         3,158.80         -           41,510.00         31,486.09         10,023.91         31.84         SUBTOTAL         41,510.00         31,486.09         -           -         -         -         -         -         -         -         -           4,225.20         3,950.80         274.40         6.95         NON NETWORK DISCOUT         -         -           -         -         -         -         -         -         -         -           4,225.20           | CHANGE<br>611.20<br>130.87<br>742.07 | %<br>    |
|--|--------------------------------------|----------|
| ADMINISTRATION           12,731.60         12,120.40         611.20         5.04         THIRD PARTY ADMINISTRATOR         12,731.60         12,120.40           3,133.22         3,002.35         130.87         4.36         UTILIZATION REVIEW         3,133.22         3,002.35         -           15,864.82         15,122.75         742.07         4.91         SUBTOTAL         15,864.82         15,122.75         -           39,095.85         28,327.29         10,768.56         38.01         AGGREGATE         39,095.85         28,327.29         15,188.80         (744.65)         (23.57)         SPECIFIC         2,414.15         3,158.80         -         31,158.80         -                               | 130.87                               |          |
| 12,731.60       12,120.40       611.20       5.04       THIRD PARTY ADMINISTRATOR       12,731.60       12,120.40         3,133.22       3,002.35       130.87       4.36       UTILIZATION REVIEW       3,133.22       3,002.35       15,122.75         15,864.82       15,122.75       742.07       4.91       SUBTOTAL       15,864.82       15,122.75         39,095.85       28,327.29       10,768.56       38.01       AGGREGATE       39,095.85       28,327.29         2,414.15       3,158.80       (744.65)       (23.57)       SPECIFIC       2,414.15       3,158.80       -         41,510.00       31,486.09       10,023.91       31.84       SUBTOTAL       41,510.00       31,486.09       -         4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80       -       -         4,225.20       3,950.80       274.40       6.95       NON NETWORK DISCOUT       -       -       -         -   | 130.87                               |          |
| 3,133.22         3,002.35         130.87         4.36         UTILIZATION REVIEW         3,133.22         3,002.35         15,122.75           15,864.82         15,122.75         742.07         4.91         SUBTOTAL         15,864.82         15,122.75         15,122.75           39,095.85         28,327.29         10,768.56         38.01         AGGREGATE         39,095.85         28,327.29           2,414.15         3,158.80         (744.65)         (23.57)         SPECIFIC         2,414.15         3,158.80         -           41,510.00         31,486.09         10,023.91         31.84         SUBTOTAL         41,510.00         31,486.09         -           4,225.20         3,950.80         274.40         6.95         NETWORK         4,225.20         3,950.80         -         -           - <td>130.87</td> <td></td> | 130.87                               |          |
| 15,864.82         15,122.75         742.07         4.91         SUBTOTAL         15,864.82         15,122.75           39,095.85         28,327.29         10,768.56         38.01         AGGREGATE         39,095.85         28,327.29           2,414.15         3,158.80         (744.65)         (23.57)         SPECIFIC         2,414.15         3,158.80           41,510.00         31,486.09         10,023.91         31.84         SUBTOTAL         41,510.00         31,486.09           4,225.20         3,950.80         274.40         6.95         NETWORK         4,225.20         3,950.80         274.40         6.95           4,225.20         3,950.80         274.40         6.95         NETWORK         4,225.20         3,950.80         -           4,225.20         3,950.80         274.40         6.95         SUBTOTAL         -         -         -           4,225.20         3,950.80         274.40         6.95         SUBTOTAL         4,225.20         3,950.80         -           -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -                    |                                      | 4.36     |
| 39,095.85       28,327.29       10,768.56       38.01       AGGREGATE       39,095.85       28,327.29         2,414.15       3,158.80       (744.65)       (23.57)       SPECIFIC       2,414.15       3,158.80       -         41,510.00       31,486.09       10,023.91       31.84       SUBTOTAL       41,510.00       31,486.09       -         4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80       -       -         4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80       -       -         4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80       -       -         4,225.20       3,950.80       274.40       6.95       SUBTOTAL       4,225.20       3,950.80       -       -         4,225.20       3,950.80       274.40       6.95       SUBTOTAL       4,225.20       3,950.80       -         6       -       -       -       -       -       -       -         0.00       0.00       -       -       PRIOR PERIOD SERVICE CHARGES       438.73       471.21         0.00       0.00<   | 742.07                               |          |
| 39,095.85       28,327.29       10,768.56       38.01       AGGREGATE       39,095.85       28,327.29         2,414.15       3,158.80       (744.65)       (23.57)       SPECIFIC       2,414.15       3,158.80       -         41,510.00       31,486.09       10,023.91       31.84       SUBTOTAL       41,510.00       31,486.09       -         4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80       -         -       -       -       -       -       -       -       -       -         4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80       -         -   |                                      | 4.91     |
| 2,414.15       3,158.80       (744.65)       (23.57)       SPECIFIC       2,414.15       3,158.80       -         41,510.00       31,486.09       10,023.91       31.84       SUBTOTAL       41,510.00       31,486.09       -         4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80       -         - <t< td=""><td></td><td></td></t<>   |                                      |          |
| 41,510.00         31,486.09         10,023.91         31.84         SUBTOTAL         41,510.00         31,486.09           4,225.20         3,950.80         274.40         6.95         NETWORK         4,225.20         3,950.80         -           -   | 10,768.56                            | 38.01    |
| 4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80         4,225.20       3,950.80       274.40       6.95       SUBTOTAL       4,225.20       3,950.80         4,225.20       3,950.80       274.40       6.95       SUBTOTAL       4,225.20       3,950.80         6       95       0THER:       100.00       100.00       100.00       100.00       100.00         81.10       0.00       81.10       100.00       RECORDS       81.10       0.00  | (744.65)                             | (23.57)  |
| 4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80       -         4,225.20       3,950.80       274.40       6.95       NON NETWORK DISCOUT       -  | 10,023.91                            | 31.84    |
| 4,225.20       3,950.80       274.40       6.95       NETWORK       4,225.20       3,950.80       -         4,225.20       3,950.80       274.40       6.95       NON NETWORK DISCOUT       -  |                                      |          |
| -         -         -         NON NETWORK DISCOUT         -         -           4,225.20         3,950.80         274.40         6.95         SUBTOTAL         4,225.20         3,950.80           3         -         -         OTHER:         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         PRIOR PERIOD SERVICE CHARGES         0.00                       | 274.40                               | 6.95     |
| 4,225.20         3,950.80         274.40         6.95         SUBTOTAL         4,225.20         3,950.80           3         0THER:         000                                      | -                                    | -        |
| 438.73         471.21         (32.48)         (6.89)         BANK SERV CHARGES         438.73         471.21           0.00         0.00         -         -         PRIOR PERIOD SERVICE CHARGES         0.00         0.00           81.10         0.00         81.10         100.00         RECORDS         81.10         0.00   | 274.40                               | 6.95     |
| 438.73         471.21         (32.48)         (6.89)         BANK SERV CHARGES         438.73         471.21           0.00         0.00         -         -         PRIOR PERIOD SERVICE CHARGES         0.00         0.00           81.10         0.00         81.10         100.00         RECORDS         81.10         0.00   |                                      |          |
| 0.00         0.00         -         -         PRIOR PERIOD SERVICE CHARGES         0.00         0.00           81.10         0.00         81.10         100.00         RECORDS         81.10         0.00  | (32.48)                              | (6.89)   |
| 81.10 0.00 81.10 100.00 RECORDS 81.10 0.00   | (32.40)                              | (0.09)   |
|  | 81.10                                | 100.00   |
|  | 01.10                                | 100.00   |
| 479.50 0.00 479.50 100.00 MISCELLANEOUS 479.50 0.00  | -<br>479.50                          | 100.00   |
| - 0.00 BANK ERROR  | 479.00                               | 100.00   |
| 999.33 471.21 528.12 112.08 SUBTOTAL 999.33 471.21   | 528.12                               | 112.08   |
|  | (047 000 75)                         | (17.00)  |
| <u>993,682.08</u> 1,211,502.83 (217,820.75) (17.98) TOTAL DISBURSEMENTS <u>993,682.08</u> 1,211,502.83   | (217,820.75)                         | (17.98)  |
| 128,980.35 (99,823.72) 228,804.07 (229.21) NET INCOME/LOSS 128,980.35 (99,823.72)  | 228,804.07                           | (229.21) |
| 6,444,023.92 3,910,135.47 2,533,888.45 64.80 ENDING CASH BALANCE 6,444,023.92 3,910,135.47 2   | ,533,888.45                          | 64.80    |
| ACCRUED REINSURANCE PROCEEDS   | -                                    |          |
| 1,215,829.00 1,119,765.00 96,064.00 8.58 ACCRUED ACCOUNTS PAYABLE MEDICAL 1,215,829.00 1,119,765.00  | 96,064.00                            | 8.58     |
|  | 437,824.45                           | 87.37    |

.

# **APPENDIX C**

# DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

.

#### **APPENDIX C**

## DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Indenture, the Financing Agreement, the Authorizing Ordinance, the Continuing Disclosure Agreement and this Official Statement unless the context clearly otherwise requires. Reference is hereby made to the Indenture for complete definitions of all terms.

"Additional Bonds" means any additional parity bonds issued by the Board pursuant to the Indenture that stand on a parity and equality under the Indenture with the Bonds.

"Authorizing Ordinance" means the Ordinance of the City authorizing the execution of the Financing Agreement and certain other documents relating to the Series 2008D Bonds.

"Bond" or "Bonds" means the Series 2008D Bonds and any Additional Bonds issued pursuant to the Indenture.

"Business Day" means a day on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

"CID" means the Independence Events Center Community Improvement District, a political subdivision of the State.

"CID Act" means the Missouri Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended.

"CID EATS" means 50% of the revenues of the CID Sales Tax which are captured as Economic Activity Tax Revenues in the Redevelopment Areas.

"CID Sales Tax" means a sales tax levied by the CID in an amount not to exceed 1% under the provisions of the CID Act.

"CID Sales Tax Revenues" means of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the City for administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement executed by the City, as from time to time amended in accordance with the provisions thereof.

"Costs of the Project" means costs permitted under the Act and the CID Act to be paid out of proceeds of the Bonds with respect to the Project, including the total of all reasonable or necessary expenses incidental to the acquisition, construction, renovation and equipping of the Project, all other necessary and incidental expenses, including interest during construction on Bonds issued to finance the Project to a date subsequent to the estimated date of completion thereof, and any other costs permitted by the Act and the CID Act.

"Debt Service Reserve Fund Requirement" means (i) with respect to the Series 2008D Bonds, an amount equal to \$\_\_\_\_\_\_, (ii) with respect to Additional Bonds issued on a parity with the Bonds, a sum equal to the least of (A) 10% of the original aggregate principal amount of such Additional Bonds, (B) the maximum annual debt service on such Additional Bonds in any future fiscal year following such date, or (C) 125% of the average future annual debt service on such Additional Bonds, and (iii) with respect to any Additional Bonds that are entitled to the benefit of a separate reserve fund, the amount, if any, specified in the Supplemental Bond Indenture authorizing the issuance of said Additional Bonds.

"Defeasance Obligations" means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or

"Economic Activity Tax Revenues" means fifty percent (50%) of the total additional revenue from sales taxes which are imposed by the City or other taxing districts, and which are generated by economic activities within the applicable Redevelopment Area over the amount of such taxes generated by economic activities within the applicable Redevelopment Area in the calendar year prior to the adoption of the first TIF Ordinance for the applicable Redevelopment Project, while tax increment financing remains in effect, but excluding (i) taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and (ii) personal property taxes, other than Payments in Lieu of Taxes, all as determined in accordance with the Act.

"Event of Nonappropriation" means failure of the City to budget and appropriate on or before the last day of any Fiscal Year, moneys sufficient to pay the Loan Payments and reasonably expected Additional Payments due and payable during the next Fiscal Year.

"Financing Agreement" means the Financing Agreement dated as of April 1, 2008, as supplemented and amended.

"Government Obligations" means the following:

- (a) 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 by, the United States of America; and
- (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"Indenture" means the Bond Trust Indenture dated as of April 1, 2008, as supplemented and amended from time to time.

"Opinion of Bond Counsel" means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Board and the Trustee who shall be nationally recognized as expert in matters

pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

"Opinion of Counsel" means a written opinion in the form described in the Indenture of any legal counsel acceptable to the City and the Trustee and, to the extent the Board is asked to take action in reliance thereon, the Board, who may be an employee of or counsel to the Trustee or the City.

"Outstanding" means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

- (1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (2) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (4) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

"Paying Agent" means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

"Payments in Lieu of Taxes" means, when collected by the City, the payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the applicable Redevelopment Area over and above the certified total initial equalized assessed value of each such unit of property in the applicable Redevelopment Area, all as determined in accordance with the Act.

"Permitted Investments" means, if and to the extent the same are at the time legal for investment of funds held under the Indenture:

(1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below);

(2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of Treasury of the United States of America;

(3) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export Import Bank,
- Farm Credit System Financial Assistance Corporation,
- Rural Economic Community Development Administration (formerly the Farmers Home Administration),
- General Services Administration,
- U.S. Maritime Administration,
- Small Business Administration,
- Government National Mortgage Association (GNMA),
- U.S. Department of Housing & Urban Development (PHA's),
- Federal Housing Administration, and
- Federal Financing Bank;

(4) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's and "AAA" by Standard & Poor's issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
- Obligations of the Resolution Funding Corporation (REFCORP), and
- Senior debt obligations of the Federal Home Loan Bank System.;

(5) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(6) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(7) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(8) Pre-refunded Municipal Obligations, defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; provided, however, that Prerefunded Municipal Obligations meeting the requirements of this subsection (B) may not be used as Permitted Investments without the prior written approval of Standard & Poor's.

(9) general obligations of states with a rating of at least "A2/A" or higher by both Moody's and Standard & Poor's; and

(10) investment agreements (supported by appropriate opinions of counsel) with notice to Standard & Poor's.

The value ("Value"), which shall be determined as of the end of each month, of the above investments shall be calculated as follows: (a) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (b) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (d) as to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

"Prime Rate" means, for any date of determination, the interest rate per annum publicly announced from time to time by the Trustee as its "prime rate."

"Project" means the Events Center as described in the body of this Official Statement.

"Redevelopment Area" means, as applicable, the Eastland Redevelopment Area, the Hartman Heritage Redevelopment Area, the Trinity Redevelopment Area and the Centerpoint Redevelopment Area, with the governing body of the City having adopted tax increment financing for each.

"Redevelopment Project" means, as applicable, the improvements to be completed and funded as part of the Eastland Redevelopment Project, the Hartman Heritage Redevelopment Project, the Trinity Redevelopment Project and the Centerpoint Redevelopment Project.

"Special Allocation Funds" means the Eastland Special Allocation Fund, the Hartman Heritage Special Allocation Fund, the Trinity Special Allocation Fund and the Centerpoint Special Allocation Fund.

"Standard & Poor's" means Standard & Poor's Ratings Services, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Board and the Trustee.

"State" means the State of Missouri.

"Transaction Documents" means the Indenture, the Bonds, the Financing Agreement, the Official Statement relating to the Bonds, the Continuing Disclosure Agreement, the Tax Compliance Agreement, the Authorizing Ordinance and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, the Financing Agreement or the Official Statement or contemplated by the Indenture, the Financing Agreement or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words "Transaction Documents" are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those

Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

"Unassigned Board's Rights" means the Board's rights to reimbursement and payment of its costs and expenses under the Financing Agreement, as more fully defined in the Indenture.

#### SUMMARY OF THE BOND TRUST INDENTURE

The following is a summary of certain provisions contained in the Indenture. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Indenture for a complete recital of the terms thereof.

#### **Trust Estate**

The Trust Estate created by the Indenture in favor of the Trustee for the benefit and security of the owners of the Bonds consists of:

- (a) All rights, title and interest of the Board (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (1) the Financing Agreement, including, without limitation, all Loan Payments and other payments to be received by the Board and paid by the City under and pursuant to and subject to the provisions of the Financing Agreement (except the Board's rights to payment of its fees and expenses and to indemnification as set forth in the Financing Agreement and as otherwise expressly set forth therein), and (2) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds; and
- (b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of the Indenture; and
- (c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Board or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of the Indenture of one Bond over or from the others, except as otherwise expressly provided in the Indenture.

#### **Authorization of Additional Bonds**

Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in the Indenture) with the Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture and in the Financing Agreement, for any purpose authorized under the Act.

Before any Additional Bonds are issued under the provisions of this caption, the Board shall adopt a resolution (1) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (2) authorizing the

Board to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, (3) authorizing the Board to enter into a Supplemental Financing Agreement with the City to provide for payments at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement, and (4) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Board, are not prejudicial to the Board or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices, all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption.

Such Additional Bonds shall be executed in the manner set forth in the Indenture and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

(a) A copy, certified by the Secretary or Assistant Secretary of the Board, of the resolution adopted by the Board authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture, Supplemental Financing Agreement and supplements to any other Transaction Documents as may be necessary.

(b) A copy, certified by the City Clerk of the ordinances and/or resolutions adopted by the City authorizing the execution and delivery of the Supplemental Financing Agreement and supplements to any other Transaction Documents.

(c) An original executed counterpart of the Supplemental Indenture, executed by the Board and the Trustee, authorizing the issuance of the Additional Bonds being issued to make the loan, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such loan and the Supplemental Financing Agreement.

(d) An original executed counterpart of the Supplemental Financing Agreement, executed by the City and the Board, specifying, among other things, the principal amount, rate of interest, maturity, terms of optional prepayment.

(e) An Officer's Certificate (1) stating that no event of default under the Financing Agreement has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Bonds are being issued and accompanied by the certificates, reports or opinions demonstrating compliance with the applicable tests set forth in the Financing Agreement.

(f) A request and authorization to the Trustee, on behalf of the Board, executed by a City Representative, to authenticate the Additional Bonds and deliver said Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Board, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(g) If such Additional Bonds are to be insured or guaranteed by a bond insurer or other credit enhancer, an insurance policy or other credit enhancement in each case in form or substance satisfactory to the Board, the City and the Trustee.

(h) Deposit of an amount equal to the Debt Service Reserve Fund Requirement, if any, for such Additional Bonds.

(i) An Opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met and the issuance of such Additional Bonds will not result in the interest on any Bonds then Outstanding becoming subject to federal income taxes then in effect.

(j) Such other certificates, statements, receipts and documents required by any of the Transaction Documents or as the Board, the City or the Trustee shall reasonably require for the delivery of the Additional Bonds.

Except as provided in the this Indenture and in the Financing Agreement, the Board will not otherwise issue any obligations on a parity with the Bonds, but the Board may issue other obligations specifically subordinate and junior to the Bonds.

#### **Creation of Funds and Accounts**

The Indenture creates and establishes in the custody of the Trustee the following special trust funds in the name of the Board to be designated as follows:

(a) "Missouri Development Finance Board-City of Independence, Missouri - Events Center Infrastructure Facilities Project Fund" (the "Project Fund"), and within such fund separate accounts for each Series of Bonds.

(b) "Missouri Development Finance Board-City of Independence, Missouri – Events Center Infrastructure Facilities Costs of Issuance Fund" (the "Costs of Issuance Fund"), and within such fund separate accounts for each Series of Bonds.

(c) "Missouri Development Finance Board-City of Independence, Missouri – Events Center Infrastructure Facilities Debt Service Fund" (the "Debt Service Fund") and within such fund separate accounts for each Series of Bonds and, as applicable, separate capitalized interest subaccounts for each Series of Bonds.

(d) "Missouri Development Finance Board--City of Independence, Missouri – Events Center Infrastructure Facilities Debt Service Reserve Fund" (the "Debt Service Reserve Fund") and within such fund separate accounts for each Series of Bonds.

(f) "Missouri Development Finance Board-City of Independence, Missouri – Events Center Infrastructure Facilities Rebate Fund" (the "Rebate Fund") and within such fund separate accounts for each Series of Bonds.

#### **Project Fund**

Moneys in the Project Fund shall be used solely for the purpose of paying the Costs of the Project as provided in the Indenture, in accordance with the plans and specifications therefor, including any alterations in or amendments to said plans and specifications deemed advisable by the City and approved in accordance with the Financing Agreement.

If an event of default specified in the Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to the Indenture, any balance remaining in the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to the Indenture, shall without further authorization be deposited in the Debt Service Fund by the Trustee with advice to the City and to the Board of such action.

#### **Debt Service Fund**

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided in the Indenture, moneys in the Debt Service Fund shall be expended solely as follows: (a) to pay interest on the Bonds as the same becomes due; (b) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (c) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee, upon the written instructions from the Board given pursuant to written direction of the City, shall use excess moneys in the Debt Service Fund to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the City, in accordance with the provisions of the Indenture, so long as the City is not in default with respect to any payments under the Financing Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The City may cause such excess money in the Debt Service Fund or such part thereof or other moneys of the City, as the City may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Board, and any other amounts required to be paid under the Indenture and the Financing Agreement, all amounts remaining in the Debt Service Fund shall be paid to the City upon the expiration or sooner termination of the Financing Agreement.

#### **Debt Service Reserve Fund**

Moneys in the Debt Service Reserve Fund shall be disbursed and expended by the Trustee, without any further authorization from the City, solely for the payment of the principal of and interest on the Bonds to the extent of any deficiency in the Debt Service Fund for such purposes. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund for such purpose whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Fund Requirement. If the Trustee disburses or expends moneys from the Debt Service Reserve Fund for the purposes stated in this paragraph, the Trustee shall immediately notify the City of the amount necessary to restore the balance in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement, and the Trustee shall direct the City to restore the deficiency in 12 equal monthly payments beginning not later than the first day of the next calendar month.

#### **Rebate Fund**

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and neither the City, the Board nor the owner of any Bonds shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement.

#### **Investment of Moneys**

Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the City Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. In the absence of direction of the City Representative, the Trustee may invest and reinvest moneys in an investment described in paragraph (7) of the definition of the term "Permitted Investments." The Trustee may make any investments permitted by the provisions of the Indenture through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amount required to be deposited in the Rebate Fund) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account; provided, however, that all interest accruing on the Project Fund shall be automatically deposited into the Debt Service Fund. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

In determining the balance in any Fund, investments in such Fund shall be valued at the lower of their original cost or their fair market value as of the most recent interest payment date. Investments in the Funds under this Indenture shall be valued semiannually on the dates specified in the Indenture. The Trustee shall promptly deliver a copies of such valuations to the City, which may be in the form of the Trustee's standard account statements.

#### **Events of Default**

The term "event of default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable; or
- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of the Board in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in the Indenture), and continuance of such default or breach for a period of 60 days after there has been given to the Board, the City by the Trustee or to the Board, the City and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall

not constitute an event of default if the Board shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(d) any event of default under the Financing Agreement shall occur and is continuing and has not been waived.

With regard to any alleged default concerning which notice is given to the City under the provisions of the Indenture, the Board grants the City full authority for the account of the Board to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Board, with full power to do any and all things and acts to the same extent that the Board could do and perform any such things and acts in order to remedy such default.

### Acceleration of Maturity; Rescission and Annulment

If an event of default occurs and is continuing, the Trustee may, and shall, if requested by the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the Board and the City, declare the principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Board, the City and the Trustee, rescind and annul such declaration and its consequences if:

- (a) the Board has deposited with the Trustee a sum sufficient to pay
  - (1) all overdue installments of interest on all Bonds,

(2) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds,

(3) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds, and

(4) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and

(b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

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

Upon the occurrence and continuance of any event of default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) Right to Bring Suit, Etc. The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Board as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) Exercise of Remedies at Direction of Bondowners. If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.
- (c) Appointment of Receiver. Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.
- (d) Suits to Protect the Trust Estate. The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Board, the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.
- (e) Enforcement Without Possession of Bonds. All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.
- (f) Restoration of Positions. If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Board, the City, the Trustee and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

#### Limitation on Suits by Bondowners

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless:

- (a) such owner has previously given written notice to the Trustee of a continuing event of default;
- (b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;
- (c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds.

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Outstanding Bonds.

#### **Control of Proceedings by Bondowners**

The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

- (a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and
- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that
  - (1) such direction shall not be in conflict with any rule of law or the Indenture,
  - (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and
  - (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

## **Application of Moneys Collected**

Any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- (a) **First:** To the payment of all unpaid amounts due the Trustee under the Indenture;
- (b) Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and
- (c) **Third:** To the payment of the remainder, if any, to the Board or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are so applied by the Trustee, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

## **Resignation and Removal of Trustee**

The Trustee may resign at any time by giving written notice thereof to the Board, the City and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within **30** days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Board or the City (so long as the City is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in the preceding paragraph.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Board and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Financing Agreement, by the City. The Board,

the City or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

## **Appointment of Successor Trustee**

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Board, with the written consent of the City (which consent shall not be unreasonably withheld) or the owners of a majority in principal amount of Bonds Outstanding (if an event of default under the Indenture or under the Financing Agreement has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Board and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Board or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner provided in the Indenture, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner provided in the Indenture, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of the Indenture shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

## Supplemental Indentures without Consent of Bondowners

Without the consent of the owners of any Bonds, the Board and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; or
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, additional conditions, limitations and restrictions thereafter to be observed; or
- (c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in the Indenture; or
- (d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture; or
- (e) to add to the covenants of the Board or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power conferred upon the Board under the Indenture; or

- (f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds; or
- (g) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

## Supplemental Indentures with Consent of Bondowners

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Board and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby,

- (a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or
- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Financing Agreement and their consequences; or
- (c) modify the obligation of the Board to make payment on or provide funds for the payment of any Bond; or
- (d) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or
- (e) modify any of the provisions of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or
- (f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject to the Indenture or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

## Payment, Discharge and Defeasance of Bonds

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Board shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other Paying Agent moneys and Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to suboaragraph (c) above, subject to receipt by the Trustee of (1) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee and the Board, and (2) an Opinion of Bond Counsel addressed and delivered to the Trustee in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture and to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture.

## Satisfaction and Discharge of Indenture

The Indenture and the lien, rights and interests created by the Indenture shall cease, determine and become null and void (except as to any surviving rights) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;
- (b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;
- (c) the Trustee receives an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and

- (d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in the Indenture to the satisfaction and discharge of the Indenture have been complied with.
- (e) if such Bonds are to be redeemed or final payment is to occur on a date which is more than 90 days from the date of the deposit under the Indenture, the Board and the City shall have received (1) the report of a verification agent acceptable to and addressed to each of them, confirming the mathematical accuracy of the calculations used to determine the sufficiency of the moneys or Defeasance Obligations; and (2) the escrow deposit agreement

Thereupon, the Trustee shall execute and deliver to the Board a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Board and shall pay, assign, transfer and deliver to the Board, or other persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.

## SUMMARY OF THE FINANCING AGREEMENT

The following is a summary of certain provisions contained in the Financing Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Financing Agreement for a complete recital of the terms thereof.

## **Use of Proceeds**

The proceeds of the Bonds loaned to the City shall be deposited with the Trustee and shall be administered, disbursed and applied for the purposes and in the manner as provided in the Indenture and in the Financing Agreement.

## Loan Payments

Subject to the limitations in the Financing Agreement, the City shall pay the following amounts to the Trustee, all as "Loan Payments" under the Financing Agreement:

- (a) Debt Service Fund -- Interest: On or before 10:00 a.m. on or before the Business Day preceding each April 1 and October 1, commencing October 1, 2008, an amount which is not less than the interest to become due on the next interest payment date on the Bonds; provided, however that the City may be entitled to certain credits on such payments as permitted under the Financing Agreement.
- (b) Debt Service Fund -- Principal: On or before 10:00 a.m. on or before the Business Day preceding each April and October 1 commencing October 1, 2009, an amount which is not less than the next installment of principal due on the Bonds on the next principal payment date by maturity or mandatory sinking fund redemption; provided, however, that the City may be entitled to certain credits on such payments as permitted under the Financing Agreement.

Notwithstanding any schedule of payments upon the Loan set forth in the Financing Agreement or the Indenture, the City shall make payments upon the Loan and shall be liable therefor at the times and in the amounts (including interest, principal, and redemption premium, if any) equal to the amounts to be paid as interest, principal and redemption premium, if any, whether at maturity or by optional or mandatory redemption upon all Bonds from time to time Outstanding under the Indenture.

## **Additional Payments**

Subject to annual appropriation, the City shall pay the following amounts to the following persons, all as "Additional Payments" under the Financing Agreement:

(a) to the Trustee, when due, all reasonable fees, charges for its services rendered under the Indenture, the Financing Agreement and any other Transaction Documents, and all reasonable expenses (including without limitation reasonable fees and charges of any Paying Agent, bond registrar, counsel, accountant, engineer or other person) incurred in the performance of the duties of the Trustee under the Indenture or the Financing Agreement for which the Trustee and other persons are entitled to repayment or reimbursement;

(b) to the Trustee, upon demand, an amount necessary to pay rebatable arbitrage in accordance with the Tax Compliance Agreement and the Indenture.

(c) to the Trustee, upon written demand of the Trustee the amount necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement.

(c) to the Board, its issuance fees and charges, if any, and all expenses (including without limitation attorney's fees) incurred by the Board in relation to the transactions contemplated by the Financing Agreement and the Indenture, which are not otherwise to be paid by the City under the Financing Agreement or the Indenture;

(d) to the appropriate person, such payments as are required (i) as payment for or reimbursement of any and all reasonable costs, expenses and liabilities incurred by the Board or the Trustee or any of them in satisfaction of any obligations of the City under the Financing Agreement that the City does not perform, or incurred in the defense of any action or proceeding with respect to the Project, the Financing Agreement or the Indenture, or (ii) as reimbursement for expenses paid, or as prepayment of expenses to be paid, by the Board or the Trustee and that are incurred as a result of a request by the City, or a requirement of the Financing Agreement;

(e) to the appropriate person, any other amounts required to be paid by the City under the Financing Agreement or the Indenture; and

(f) any past due Additional Payments shall continue as an obligation of the City until they are paid and shall bear interest at the Prime Rate plus 2% during the period such Additional Payments remain unpaid.

### **Annual Appropriations**

The City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Financing Agreement, moneys sufficient to pay all the Loan Payments and reasonably estimated Additional Payments for the next succeeding Fiscal Year. The City shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the City's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments and Additional Payments for the receive such notice 15 days after the commencement of the City's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments and Additional Payments and Payments and Payments and Payments and Additional Payments shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments

reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

## Annual Budget Request

The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each Fiscal Year in which the Financing Agreement shall be in effect, an appropriation for all payments required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under the Financing Agreement shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate funds to make Loan Payments and Additional Payments, to pay the Loan Payments and Additional Payments under the Financing Agreement. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments and Additional Payments may be made, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance is directed to do all things lawfully within such person's power to obtain and maintain funds from which the Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

## Loan Payments to Constitute Current Expenses of the City

The Board and the City acknowledge and agree that the Loan Payments and Additional Payments shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained in the Financing Agreement constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments under the Financing Agreement shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Financing Agreement nor the issuance of the Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year Loan Payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing in the Financing Agreement shall be construed to limit the rights of the owners of the Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. Failure of the City to budget and appropriate said moneys on or before the last day of any Fiscal Year shall be deemed an Event of Nonappropriation.

## Security for the Loan

Except as provided in the following paragraph, the City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, subject to annual appropriation by the City as described above, all general fund revenues of the City and from the CID Sales Tax

Revenues as provided in the Authorizing Ordinance. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The City's obligation to pay the Loan Payments and Additional Payments shall not constitute general obligations of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

Notwithstanding the foregoing, CID Sales Tax Revenues are not subject to annual appropriation by the City and are pledged by the City pursuant to the Authorizing Ordinance to secure the Loan Payments and Additional Payments.

The City's obligation to make payments pursuant to the Financing Agreement is also secured on a subordinate basis by, subject to annual appropriation by the City Council, the CID EATS deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to each Redevelopment Project. The pledge of the CID EATS to make Loan Payments on the Loan shall be junior and subordinate in all respects to the pledge of the CID EATS to make payments on loans incurred by the City either prior or subsequent to the date of the Financing Agreement to fund costs of the Redevelopment Projects other than the Project.

## **Additional Bonds**

The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Board, the City; (2) the Board, the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement; and (3) the Board, the City shall have otherwise complied with the provisions of the Financing Agreement and the Indenture with respect to the issuance of such Additional Bonds.

## **Project Completion**

If the proceeds of the Series 2008D Bonds and any Additional Bonds shall be insufficient to complete the Project, the City shall pay, but only from legally available funds, the full amount of any such deficiency by making payments directly to the contractors and suppliers of materials and services as the same shall become due.

### **Financial Statements**

The City shall furnish to the Board and the Trustee, as soon as practicable, but in no event more than 5 days after, an Event of Nonappropriation, written notice of such Event of Nonappropriation.

The City will at any and all times, upon the written request of the Trustee or the Board and at the expense of the City, permit the Trustee and the Board by their representatives to inspect the properties, books of account, records, reports and other papers of the City, and to take copies and extracts therefrom, and will promptly afford and procure a reasonable opportunity to make any such inspection, and the City will furnish to the Trustee or the Board any and all information as the Trustee or the Board may reasonably request with respect to the performance by the City of its covenants in the Financing Agreement.

## **Events of Default and Remedies**

The term "Event of Default" or "Default" shall mean any one or more of the following events:

- (a) Failure by the City to make timely payment of any Loan Payment.
- (b) Failure by the City to make any Additional Payment when due and, after notice of such failure, the City shall have failed to make such payment within 10 days following the due date.
- (c) Failure by the City to observe and perform any covenant, condition or agreement on the part of the City under the Financing Agreement or the Indenture, other than as referred to in the preceding subparagraphs (a) and (b) of this caption, for a period of 30 days after written notice of such default has been given to the City, by the Trustee or the Board during which time such default is neither cured by the City nor waived in writing by the Trustee and the Board, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee and the Board may consent in writing to an extension of such time prior to its expiration and the Trustee and the Board will not unreasonably withhold their consent to such an extension if corrective action is instituted by the City within the 30-day period and diligently pursued to completion and if such consent, in their judgment, does not materially adversely affect the interests of the bondowners.
- (d) Any representation or warranty by the City in the Financing Agreement or in any certificate or other instrument delivered under or pursuant to the Financing Agreement or the Indenture or in connection with the financing of the Project shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless waived in writing by the Board and the Trustee or cured by the City, if such representation or warranty can be cured to the satisfaction of the Board and the Trustee within 30 days after notice thereof has been given to the City.

## **Remedies on Default**

Subject to the provisions of the Financing Agreement, whenever any Event of Default shall have occurred and be continuing, the Trustee, as the assignee of the Board, may take any one or more of the following remedial steps; provided that if the principal of all Bonds then Outstanding and the interest accrued thereon shall have been declared immediately due and payable pursuant to the provisions of the Indenture, all Loan Payments for the remainder of the Loan Term shall become immediately due and payable without any further act or action on the part of the Board or the Trustee and the Trustee may immediately proceed (subject to the provisions of the Financing Agreement) to take any one or more of the remedial steps set forth in subparagraph (b) of this caption:

- (a) By written notice to the City declare the outstanding principal of the Loan to be immediately due and payable, together with interest on overdue payments of principal and redemption premium, if any, and, to the extent permitted by law, interest, at the rate or rates of interest specified in the respective Bonds or the Indenture, without presentment, demand or protest, all of which are expressly waived.
- (b) Take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth in the Financing Agreement or in the Indenture, as may appear necessary or desirable to collect the amounts payable pursuant to the Financing Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the City under the Financing Agreement or the Indenture.

In the enforcement of the remedies provided in the Financing Agreement, the Trustee may treat all fees, costs and expenses of enforcement, including reasonable legal, accounting and advertising fees and expenses, as Additional Payments then due and payable by the City.

Any amount collected pursuant to action taken under this caption shall be paid to the Trustee and applied, first, to the payment of any costs, expenses and fees incurred by the Board or the Trustee as a result of taking such action and, next, any balance shall be used to satisfy any Loan Payments then due by payment into the Debt Service Fund and applied in accordance with the Indenture and, then, to satisfy any other Additional Payments then due or to cure any other Event of Default.

Notwithstanding the foregoing, the Trustee shall not be obligated to take any step that in its opinion will or might cause it to expend time or money or otherwise incur liability, unless and until indemnity satisfactory to it has been furnished to the Trustee at no cost or expense to the Trustee, except as otherwise provided in the Indenture.

The provisions of this caption are subject to the limitation that the annulment of a declaration that the Bonds are immediately due and payable shall automatically constitute an annulment of any corresponding declaration made pursuant to subparagraph (a) of this caption and a waiver and rescission of the consequences of such declaration and of the Event of Default with respect to which such declaration has been made, provided that no such waiver or rescission shall extend to or affect any other or subsequent Default or impair any right consequent thereon. In the event any covenant, condition or agreement contained in the Financing Agreement shall be breached or any Event of Default shall have occurred and such breach or Event of Default shall thereafter be waived by the Trustee, such waiver shall be limited to such particular breach or Event of Default.

## No Remedy Exclusive

Subject to the provisions of the Financing Agreement, no remedy conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon a Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

## Agreement to Pay Attorneys' Fees and Expenses

Subject to the provisions of the Financing Agreement, in connection with any Event of Default by the City, if the Board or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable under the Financing Agreement or the enforcement of the performance or observance of any covenants or agreements on the part of the City contained in the Financing Agreement, the City agrees that it will, on demand therefor, pay to the Board and the Trustee the reasonable fees of such attorneys and such other reasonable fees, costs and expenses so incurred by the Board and the Trustee.

## Board and City to Give Notice of Default

The Board and the City shall each, at the expense of the City, promptly give to the Trustee written notice of any Default of which the Board, the City, as the case may be, shall have actual knowledge or written notice, but the Board shall not be liable for failing to give such notice.

## **Remedial Rights Assigned to the Trustee**

Upon the execution and delivery of the Indenture, the Board will thereby have assigned to the Trustee all rights and remedies conferred upon or reserved to the Board by the Financing Agreement, reserving only the Unassigned Board's Rights. Subject to the provisions of the Financing Agreement, the Trustee shall have the exclusive right to exercise such rights and remedies conferred upon or reserved to the Board by the Financing Agreement in the same manner and to the same extent, but under the limitations and conditions imposed by the Indenture and the Financing Agreement. The Trustee and the Bondowners shall be deemed third party creditor beneficiaries of all representations, warranties, covenants and agreements contained in the Financing Agreement.

## Supplemental Financing Agreements without Consent of Bondowners

Without the consent of the owners of any Bonds, the Board, the City may from time to time enter into one or more Supplemental Financing Agreements, for any of the following purposes:

- (a) to subject to the Financing Agreement additional property or to more precisely identify any project financed or refinanced out of the proceeds of any series of Bonds, or to substitute or add additional property thereto; or
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of the Loan, as set forth in the Financing Agreement, additional conditions, limitations and restrictions thereafter to be observed; or
- (c) in connection with the issuance of any Additional Bonds, to make such other provisions as provided in the Financing Agreement; or
- (d) to evidence the succession of another entity to the City and the assumption by any such successor of the covenants of the City contained in the Financing Agreement; or
- (e) to add to the covenants of the City or to the rights, powers and remedies of the Trustee for the benefit of the owners of all or any series of Bonds or to surrender any right or power conferred upon the City; or
- (f) to cure any ambiguity, to correct or supplement any provision which may be inconsistent with any other provision or to make any other provisions, with respect to matters or questions arising under the Financing Agreement, which shall not be inconsistent with the provisions of the Financing Agreement, provided such action shall not adversely affect the interests of the owners of the Bonds.

# Supplemental Financing Agreements with Consent of Bondowners

With the prior written consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Financing Agreement, the Board, the City may enter into Supplemental Financing Agreements, in form satisfactory to the Trustee, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Financing Agreement or of modifying in any manner the rights of the Trustee and the owners of the Bonds under the Financing Agreement; provided, however, that no such Supplemental Financing Agreement shall, without the consent of the owner of each Outstanding Bond affected thereby:

- (a) change the stated maturity of the principal of, or any installment of interest on, the Loan, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, the Loan, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or
- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Financing Agreement, or the consent of whose owners is required for any waiver provided for in the Financing Agreement of compliance

with certain provisions of the Financing Agreement or certain defaults under the Financing Agreement and their consequences; or

(c) modify any of the provisions of this caption, except to increase any percentage provided thereby or to provide that certain other provisions of the Financing Agreement cannot be modified or waived without the consent of the owner of each Bond affected thereby.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Financing Agreement and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Financing Agreement. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds under this caption to approve the particular form of any proposed Supplemental Financing Agreement, but it shall be sufficient if such act shall approve the substance thereof.

## SUMMARY OF THE AUTHORIZING ORDINANCE

The following is a summary of certain provisions contained in the Authorizing Ordinance. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Authorizing Ordinance for a complete recital of the terms thereof.

## Authorization for the Loan

The Authorizing Ordinance authorizes the City to borrow from the Board a sum equal the principal amount of the Series 2008D Bonds in order to permit the City to (1) pay the Costs of the Project, (2) provide for the funding of a reserve fund for repayment of the Loan, (3) pay a portion of the interest due on the Loan, and (4) pay the costs of incurring the Loan.

## **Limited Obligations**

Except as otherwise provided in the Authorizing Ordinance with respect to the CID Sales Tax Revenues, the City's obligation to make payments under the Financing Agreement are subject to annual appropriation and do not constitute a debt, liability or indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction.

## Security for the Loan

Except as described below, the City's obligation to make payments pursuant to the Financing Agreement is subject to annual appropriation as provided in the Financing Agreement.

CID Sales Tax Revenues received by the City from the CID are not subject to annual appropriation by the City and are pledged to secure the payments required pursuant to the Financing Agreement.

The City's obligation to make payments pursuant to the Financing Agreement is also secured on a subordinate basis by, subject to annual appropriation by the City Council, the CID EATS deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to each Redevelopment Project. The pledge of the CID EATS to make Loan Payments on the Loan shall be junior and subordinate in all respects to the pledge of the CID EATS to make payments on loans incurred by the City either prior or subsequent to the date of the Authorizing Ordinance to fund costs of the Redevelopment Projects other than the Project.

The City currently intends to appropriate in each year the CID EATS in the Special Allocation Funds relating to the Redevelopment Projects to the repayment of the Loan. In preparing the City's annual budget the City Manager shall include or cause to be included in each budget submitted to the City Council such appropriation. Notwithstanding the foregoing, the decision of whether or not to appropriate is solely within the discretion of the City Council. In the event the City Council votes to not appropriate such CID EATS, the City shall immediately notify in writing the following persons of such Event of Nonappropriation: (i) the Board, (ii) Commerce Bank, N.A., as trustee for the Bonds, (iii) each nationally recognized municipal securities repository, and (iv) each nationally recognized rating agency which currently maintains a rating on any of the City's bonds or the Board's bonds issued for the benefit of the City.

In the event Bond Counsel delivers to the City an opinion to the effect that Missouri law no longer requires that the pledge of the Economic Activity Tax Revenues be subject to annual appropriation, the City agrees to amend this Ordinance to delete such requirement.

## SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The following is a summary of certain provisions contained in the Continuing Disclosure Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Continuing Disclosure Agreement for a complete recital of the terms thereof.

Pursuant to the Continuing Disclosure Agreement, the City will, not later than **180** days after the end of the City's fiscal year, provide to each Nationally Recognized Securities Information Repository and the State Repository, if any, the following: (A) the City's Comprehensive Annual Financial Report (the "Annual Report"), which includes the audited financial statements of the City for the prior fiscal year, and (B) the amount of CID Sales Tax Revenues and TIF Revenues received by the City. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement, and the audited financial statements will be filed in the same manner as the Annual Report promptly after they become available.

Pursuant to the Continuing Disclosure Agreement, the City also will give notice of the occurrence of any of the following events with respect to the Bonds, if material ("Material Events"):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds;
- (8) Bond calls;
- (9) Defeasance;
- (10) Release, substitution, or sale of property securing repayment of the securities; and

## (11) Rating changes.

If the City should fail to comply with any provision of the Continuing Disclosure Agreement, then any holder or Beneficial Owner of Bonds may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds similarly situated, by mandamus or other suit or proceeding at law or in equity, against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under the Continuing Disclosure Agreement; provided that the sole and exclusive remedy for breach of the Continuing Disclosure Agreement shall be an action to compel specific performance of the obligations of the City under the Continuing Disclosure Agreement under any circumstances; and provided, further, that the rights of any holder or Beneficial Owner to challenge the adequacy of the information provided in accordance with the Continuing Disclosure Agreement are conditioned upon the provisions of the Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default as though such provisions applied under the Continuing Disclosure Agreement. Failure of the City to perform its obligations under the Continuing Disclosure Agreement.

Without the consent of any of the holders or Beneficial Owners of the Bonds, the City, at any time and from time to time, may amend or make changes to the Continuing Disclosure Agreement for any purpose, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or any type of business or affairs it conducts;

(ii) the undertakings set forth in the Continuing Disclosure Agreement, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and

(iii) the amendment, in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

## SUMMARY OF THE COOPERATIVE AGREEMENT

The following is a summary of certain provisions contained in the Cooperative Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Cooperative Agreement for a complete recital of the terms thereof.

Whenever used in the Cooperative Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

"Administration Fee" means that amount of the District Sales Tax Revenue that the City shall receive as compensation for performing the administrative duties of the District and administering and accounting for the District Sales Tax, as set forth in the Cooperative Agreement.

"Applicable Laws and Requirements" means any applicable constitution, treaty, statute, rule, regulation, ordinance, order, directive, code, interpretation, judgment, decree, injunction, writ, determination, award, permit, license, authorization, directive, requirement or decision of or agreement with or by any unit of government.

"Board" or "Board of Directors" means the governing body of the Independence Events Center Community Improvement District.

"Bond Documents" means any bonds, indentures or other financing agreements, disbursement agreements and all other agreements and certificates executed in connection with the issuance of any Obligations.

"CID Act" means the Missouri Community Improvement District Act, Sections 67.1401, et seq., RSMo, as amended.

"City" means the City of Independence, Missouri, a political subdivision and constitutional home rule charter city.

"City Council" means the governing body of the City of Independence, Missouri.

**"Debt Service"** means an amount required for the payment of interest on, principal of and premium, if any, on Obligations as they come due, for the payment of mandatory or optional redemption payments, and for payments to reserve funds required by the terms of the Obligations to retire or secure the Obligations.

"District Sales Tax" means the sales tax levied by the District on the receipts from the sale at retail of all tangible personal property or taxable services at retail within its boundaries pursuant to the CID Act in the amount not to exceed one percent (1.0%), as established by resolution of the District and approved by the qualified voters of the District and in accordance with the plan set forth in Article 3 of the Cooperative Agreement.

"District Sales Tax Revenues" means the monies actually collected, pursuant to the Cooperative Agreement and the CID Act, from the imposition of the District Sales Tax.

"Event of Default" means any event specified in the Cooperative Agreement.

"Events Center" means a structure to be constructed by or at the direction of the City on the property described in the Cooperative Agreement, which shall serve as public facilities for an arena and event center space, as directed by and in accordance with contracts entered into by the City.

"Excusable Delays" means delays due to acts of terrorism, acts of war or civil insurrection, strikes, riots, floods, earthquakes, fires, tornadoes, casualties, acts of God, labor disputes, governmental restrictions or priorities, embargoes, national or regional material shortages, failure to obtain regulatory approval from any Federal or State regulatory body, unforeseen site conditions, material litigation by parties other than the Parties not caused by the Parties' failure to perform, or any other condition or circumstances beyond the reasonable or foreseeable control of the applicable party using reasonable diligence to overcome which prevents such party from performing its specific duties or obligation hereunder in a timely manner.

"Fiscal Year" means July 1 through June 30 of each year, which Fiscal Year coincides with the City's fiscal year.

"Obligations" means any bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by or at the direction of the City, the District or any other public entity at the direction of the City, which pay for the Public Improvements, in whole or in part, or to refund outstanding Obligations.

"Operating Costs" means the actual, reasonable expenses which are necessary for the operation of the District which shall include, but are not limited to, costs associated with notices, publications, meetings, supplies, equipment, photocopying, the engagement of special legal counsel, financial auditing services, and other consultants or services. Time expended by City employees, and materials and supplies used by the City, in the performance of the administrative services set forth in the Cooperative Agreement, for which the City receives the Administration Fee, shall not be included as Operating Costs. Costs incurred by the District or City to add property to the District, as allowed by the CID Act, shall be treated as Operating Costs. Costs incurred by the City regarding enforcement of the District Sales Tax in the performance of any actions authorized in the Cooperative Agreement shall also be treated as Operating Costs.

"Ordinance" means an ordinance enacted by the City Council.

"Petition" means the Petition to Establish the Independence Events Center Community Improvement District, filed with the City Clerk of Independence, Missouri, on November 30, 2007.

"Public Improvements" means those improvements described in the Cooperative Agreement, along with any other Public Improvements that may be approved by the District in accordance with the CID Act and the Cooperative Agreement.

"Public Improvement Costs" means all actual and reasonable costs and expenses which are incurred by or at the direction of the City with respect to construction of the Public Improvements, including the actual and reasonable cost of labor and materials payable to contractors, builders, suppliers, vendors and materialmen in connection with the construction contracts awarded in connection with the Public Improvements that are constructed or undertaken, plus all actual and reasonable costs to plan, finance, develop, design and acquire the Public Improvements, including but not limited to the following:

A. actual and reasonable costs of issuance and capitalized interest, if any, for any Obligations issued to finance the Public Improvements;

B. actual and reasonable fees and expenses of architects, appraisers, attorneys, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and items necessary to the commencement of construction, financing, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, attorneys, surveyors and engineers in relation to the construction of the Public Improvements and all actual and reasonable costs for the oversight of the completion of the Public Improvements including overhead expenses for administration, supervision and inspection incurred in connection with the Public Improvements; and

C. all other items of expense not elsewhere specified in this definition which may be necessary or incidental to the review, approval, acquisition, construction, improvement and financing of the Public Improvements and which may lawfully be paid or incurred by the District under the CID Act.

An estimate of the Public Improvement Costs is set forth in the Cooperative Agreement, but that estimate is not intended to limit in any way the Public Improvement Costs defined herein.

"Trustee" means the banking entity named by or at the direction of the City as bond trustee in connection with the issuance of any Obligations.

## **Imposition of the District Sales Tax**

The District shall approve a resolution that, subject to qualified voter approval, imposes the District Sales Tax. The District shall annually appropriate all District Sales Tax Revenues by resolution in accordance with the Cooperative Agreement. The District Sales Tax shall be collected by the Missouri Department of Revenue as provided in the CID Act. The City shall receive the District Sales Tax Revenue from the Department of Revenue, which shall be disbursed in accordance with the Cooperative Agreement.

The District Sales Tax shall initially be imposed at a rate of one-half of one percent (0.5%) for a period of years to be specified by the City, which the Parties anticipate will be twenty (20) years. Thereafter, the District Sales Tax shall be increased to a rate to be directed by the City, which the Parties anticipate will be five-eighths percent (0.625\%). Nothing in the Cooperative Agreement shall limit the ability of the District to

impose the District Sales Tax at the maximum rate of one percent (1.0%) at any time, as directed by the City. The rate of the District Sales Tax to be set in accordance with this paragraph shall be an amount that provides for Debt Service of the Obligations, as directed by the City, and pays for the Administrative Fee, Operating Costs and other eligible CID costs and expenses.

## **District Administration and Sales Tax Duties**

The Parties anticipate that the District Sales Tax will be collected by the Missouri Department of Revenue, as provided in the CID Act. The City agrees to perform for the District all functions incident to the administration and enforcement of the District Sales Tax, to the extent not performed by the state, pursuant to the CID Act and the Cooperative Agreement. The District shall enact a resolution that (i) imposes the District Sales Tax (subject to qualified voter approval), (ii) authorizes the City to perform all functions incident to the administration, enforcement and operation of the District Sales Tax, to the extent not performed by the state, and (iii) prescribes any required forms and administrative rules and regulations for reporting and collecting the District Sales Tax. The District shall also notify the Missouri Department of Revenue, in substantial compliance with the form set forth in the Cooperative Agreement, that the District authorizes the City, on behalf of the District Sales Tax Revenues shall be deposited by the City in a bank account separate from other bank accounts of the City and in accordance with the resolution adopted by the District. The District may amend the forms, administrative rules and regulations applicable to the administration, collection, enforcement and operation for the District Sales Tax, as needed.

## Administration Fee.

The City shall receive an Administration Fee for administering and accounting for the District Sales Tax in the amount of two percent (2%) of the total District Sales Tax Revenues for performing the duties set forth in the Cooperative Agreement. The City shall also receive from the District a one-time payment of \$1,200 to reimburse the City for establishing the accounts and other administrative set-up costs and expenses. The City shall also be reimbursed by the District for any costs and expenses incurred in connection with any collection or enforcement issues associated with the District Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue.

The Administration Fee authorized in the Cooperative Agreement shall be calculated using the total District Sales Tax Revenues generated within the District, including those amounts that are captured as economic activity taxes pursuant to any tax increment financing plan.

In the event that the Administration Fee does not fully reimburse the City for actual costs and expenses incurred in fulfilling its obligations under the Cooperative Agreement, the City shall receive reimbursement for those actual costs that exceed the Administration Fee. In the event that there are insufficient funds in any Fiscal Year to cover the actual costs incurred by the City, any unpaid Administration Fee shall be paid in subsequent Fiscal Years.

The City may, at its own election, apply any Administration Fee it receives pursuant to the Cooperative Agreement to pay for reimbursable Public Improvement Costs or Operating Costs.

# **Operating Costs**

The City, on behalf of the District, shall pay for the Operating Costs of the District from District Sales Tax Revenue. The Operating Costs shall be included in the District's annual budget, as provided in the Cooperative Agreement. In the course of performing the administrative duties set forth in the Cooperative Agreement or enforcement duties set forth in the Cooperative Agreement, the City may incur Operating Costs for the District which shall be approved by the District.

## **Enforcement of the District Sales Tax**

The District authorizes the City, to the extent required or authorized by the Missouri Department of Revenue, to take all actions necessary for enforcement of the District Sales Tax. The City may, in its own name or in the name of the District, prosecute or defend an action, lawsuit or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure the payment of the District Sales Tax. The District hereby agrees to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the District in any such action, lawsuit or proceeding if the City shall so request. All actions taken by the City for enforcement and any legal proceeding filed by the City for enforcement and collection of the District Sales Tax shall be treated as Operating Costs of the District.

## **Distribution of the District Sales Tax Revenue**

Beginning in the first month following the effective date of the District Sales Tax and continuing each month thereafter until the expiration or repeal of the District Sales Tax, the City shall, not later than the fifteenth (15th) day of each month distribute the District Sales Tax Revenues received in the preceding month in the following order of priority:

- A. The City shall pay the Administration Fee.
- B. The City shall pay the Operating Costs of the District.
- C. The City shall make any Debt Service payments, to the extent required for outstanding Obligations.
- D. The City shall disburse all remaining District Sales Tax Revenue to pay for Public Improvement Costs actually incurred by the City, to the extent not paid from the proceeds of Obligations.

In the event that other funding sources are approved by the City and imposed by the District, revenue from such additional sources of funds shall be expended in the order of priority as set forth in the Cooperative Agreement, unless otherwise specifically approved by the City.

## **Repeal of the District Sales Tax**

Unless extended in accordance with this Section, the District shall implement the procedures in the CID Act for repeal of the District Sales Tax and abolishment of the District (1) when all Obligations have been retired, or (2) thirty five (35) years following approval of the District by ordinance, whichever occurs first. The District shall not implement the procedures for repeal or modification of the District Sales Tax and abolishment of the District Sales Tax and abolishment of the District if: (1) any District Sales Tax Revenue is due to the City for outstanding Administration Fees; (2) the District, with the prior written consent of the City, has approved another project pursuant to the CID Act; or (3) the duration of the District has been extended by mutual agreement of the Parties in compliance with the CID Act. The City's obligation to perform for the District all functions incident to the administration, enforcement and operation of the District Sales Tax shall terminate concurrent with the repeal of the District Sales Tax. Upon repeal of the District Sales Tax, the City shall:

A. Retain the City's Administration Fee to which it is entitled in accordance with the Cooperative Agreement.

B. Pay all outstanding Operating Costs.

C. Retain any remaining District Sales Tax until such time as the District is abolished and the District has provided for the transfer of any funds remaining in a manner permitted by the CID Act.

# **Design and Construction of Public Improvements**

The Public Improvements shall be designed and constructed by or at the direction of the City, and the District shall not have an obligation to design and to construct the Public Improvements. The Public Improvements shall be designed and constructed on a schedule to be determined by the City, in accordance with applicable City-approved zoning and subdivision ordinances and associated plans and specifications.

## **Financing the Public Improvements**

The District shall impose the District Sales Tax within the boundaries of the District to fund the Public Improvements and other costs authorized by the Cooperative Agreement. The District shall not use or impose any taxes other than a District Sales Tax or impose any other funding mechanisms unless the City Council, by Ordinance, modifies the limitations on the District's authority as set forth in the Petition. The District may also incur Obligations in one or more series for the purpose of funding all, or an appropriate portion of, the Public Improvements. Reimbursable Public Improvement Costs shall be paid to the extent that funds are available from the proceeds of Obligations or from District Sales Tax Revenues in the order of priority set forth in the Cooperative Agreement.

# **Ownership and Maintenance of Public Improvements**

The City or the District shall own the Public Improvements, as directed by the City and in accordance with any applicable contacts executed by the City. Maintenance of the Public Improvements shall also be as directed by the City, and the Parties may enter into a separate agreement or amend the Cooperative Agreement, as appropriate, to provide for maintenance of the Public Improvements. The City shall arrange for obtaining and maintaining insurance for the design, construction, operation and maintenance of the Public Improvements.

## **New Public Improvements**

The District may use District Sales Tax Revenue, as such revenues are available, to pay Public Improvement Costs for new District projects which have been determined by the City Council to be necessary and approved in accordance with the CID Act. The District shall not undertake new District projects without the prior approval of the City Council. Payments due to the City pursuant to the priority established in the Cooperative Agreement for Administration Fees shall take priority over any costs associated with new District projects.

## **District Board of Director Qualifications**

The Parties agree that, in addition to the requirements applicable to the Board of Directors under the CID Act, the Board of Directors shall, at all times, consist of at least three persons who are also appointed or elected officials of the City or who are City employees (collectively, the "City Qualification"). The Parties agree that the Bylaws shall at all times provide that if a District director ceases, for any reason, to meet the City Qualification, then such director's term of office as a District director shall automatically terminate. In the event of a vacancy caused by such termination then an interim director shall be appointed by the Mayor with the consent of the City Council, and thereafter the successor director shall be appointed as provided in the Bylaws.

## **Default and Remedies**

An Event of Default shall occur upon the failure by either Party in the performance of any covenant, agreement or obligation imposed or created by the Cooperative Agreement and the continuance of such failure

for fifteen (15) days after the other Party, or the Trustee of any outstanding Obligation, has given written notice to such Party specifying such failure.

Subject to any restrictions contained in the Bond Documents for any outstanding Obligations that are issued against acceleration of the maturity of any such Obligations, if any Event of Default has occurred and is continuing, then the non-defaulting party may, upon its election or at any time after its election while such default continues, by mandamus or other suit, action or proceeding at law or in equity, enforce its rights against the defaulting party and its officers, agents and employees, and require and compel duties and obligations required by the provisions of the Cooperative Agreement.

## APPENDIX D

## FORM OF OPINION OF BOND COUNSEL

Missouri Development Finance Board Jefferson City, Missouri Piper Jaffray & Co. Leawood, Kansas

City of Independence, Missouri Independence, Missouri Commerce Bank, N.A., as Trustee Kansas City, Missouri

# Re: <u>\$\_\_\_\_\_</u> Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Missouri Development Finance Board (the "Board"), of the above-referenced bonds (the "Bonds"). The Bonds have been authorized and issued under and pursuant to the Missouri Development Finance Board Act, Sections 100.250 to 100.297 of the Revised Statutes of Missouri, as amended (the "Act"), and the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") between the Board and Commerce Bank, N.A., as trustee (the "Trustee"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The proceeds of the Bonds will be used by the Board to make a loan to the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City"), pursuant to a Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") between the Board and the City to pay Costs of the Project as defined in the Indenture.

Reference is made to an opinion of even date herewith of Allen Garner, City Counselor, with respect to, among other matters, (a) the power of the City to enter into and perform its obligations under the Financing Agreement and the Tax Compliance Agreement, and (b) the due authorization, execution and delivery of the Financing Agreement and the Tax Compliance Agreement by the City and the binding effect and enforceability thereof against the City.

In our capacity as Bond Counsel, we have examined a certified transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following:

- (i) the Indenture;
- (ii) the Financing Agreement; and
- (iii) the Tax Compliance Agreement.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Bonds and the authorization, execution and delivery of the Indenture and the Financing Agreement.

Based upon such examination, we are of the opinion, as of the date hereof, as follows:

1. The Board is a body corporate and politic duly and legally organized and validly existing under the Act and has lawful power and authority to issue the Bonds and to enter into the Indenture and the Financing Agreement and to perform its obligations thereunder.

2. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri, including the Act.

3. The Bonds are valid and legally binding limited obligations of the Board according to the terms thereof, payable as to principal and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate, all in the manner provided in the Indenture. The Bonds do not constitute a debt of the State of Missouri or of any other political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. The Board has no taxing power.

4. The Indenture and the Financing Agreement have been duly authorized, executed and delivered by the Board and constitute valid and legally binding agreements enforceable against the Board in accordance with the respective provisions thereof.

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

6. The interest on the Bonds is exempt from income taxation by the State of Missouri.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Financing Agreement and the Tax Compliance Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

GILMORE & BELL, P.C.

# **RULE 15c2-12 CERTIFICATE OF THE BOARD**

# **MISSOURI DEVELOPMENT FINANCE BOARD**

# \$12,065,000<sup>\*</sup> Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

For the purpose of enabling Piper Jaffray & Co., the Underwriter of the above-referenced bonds, to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the undersigned, a duly authorized officer of the Missouri Development Finance Board (the "Board") hereby deems the information regarding the Board contained in the Preliminary Official Statement dated March 5, 2008 under the captions "INTRODUCTORY STATEMENT – The Board," "THE BOARD" and "LITIGATION – The Board", to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1).

Dated this  $25^{\text{th}}$  day of March, 2008.

# MISSOURI DEVELOPMENT FINANCE BOARD

By: Name: Robert V. Miserez

Title: Executive Director

\*Preliminary

# **RULE 15c2-12 CERTIFICATE OF THE CITY**

# **MISSOURI DEVELOPMENT FINANCE BOARD**

# \$12,065,000\* Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

For the purpose of enabling Piper Jaffray & Co., the Underwriter of the above-referenced bonds, to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the undersigned, a duly authorized officer of the City of Independence, Missouri (the "City") hereby deems the information regarding the City contained in the Preliminary Official Statement dated March 5, 2008 to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1).

Dated this  $25^{+1}$  day of March, 2008.

# **CITY OF INDEPENDENCE, MISSOURI**

'¢ coc-By: Robert Heacock

Name: Robert Heacoo Title: City Manager

\*Preliminary

# **RULE 15c2-12 CERTIFICATE OF THE CID**

# MISSOURI DEVELOPMENT FINANCE BOARD

# \$12,065,000\* Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

For the purpose of enabling Piper Jaffray & Co., the Underwriter of the above-referenced bonds, to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the undersigned, a duly authorized officer of the Independence Events Center Community Improvement District (the "CID") hereby deems the information regarding the CID contained in the Preliminary Official Statement dated March 5, 2008 to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1).

Dated this <u>25</u> day of <u>March</u>, 2008.

# INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

By: Name: Larry Kaufman Title:

\*Preliminary

## NEW ISSUE (Book Entry Only)

## S&P Rating - "A+" See "RATING" herein.

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 interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes, except as described herein, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation by the State of Missouri. See "TAX MATTERS" herein.

# MISSOURI DEVELOPMENT FINANCE BOARD

# \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

# Dated: April 1, 2008

**Due: See Inside Cover Page** 

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Bonds will be paid from moneys available therefore under the Indenture (herein defined) by Commerce Bank, N.A., Kansas City, Missouri, as Trustee and Paying Agent. Principal of the Bonds will be due as shown on the inside cover page. Interest on the Bonds will be payable on each April 1 and October 1, beginning on October 1, 2008.

# The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS-Redemption."

The Bonds will be payable solely from, and will be secured by: (i) an assignment and a pledge of Loan Payments made by the City, pursuant to the Financing Agreement between the Missouri Development Finance Board (the "Board") and the City of Independence, Missouri (the "City"); (ii) subject to the conditions and limitations described herein, certain CID Sales Tax Revenues and TIF Revenues; and (iii) certain other funds held by the Trustee under the Indenture. See "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS."

# Payment of the principal of and interest on the Bonds is <u>not</u> secured by any deed of trust, mortgage or other lien on the Events Center or any other facilities or property of the City.

THE BONDS ARE NOT AN INDEBTEDNESS OF BOARD, THE CITY, THE CID THE STATE OF MISSOURI OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE OF MISSOURI. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE CID, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE CID, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT, EXCEPT AS OTHERWISE DESCRIBED HEREIN. THE BOARD HAS NO TAXING POWER.

The Bonds are offered when, as and if issued by the Board and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of their validity by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, as described herein. Certain legal matters will be passed on for the City by Allen Garner, City Counselor, Independence, Missouri, and for the Board and the CID by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about April 3, 2008.



The date of this Official Statement is March 17, 2008

# **MISSOURI DEVELOPMENT FINANCE BOARD**

# \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Dated: April 1, 2008

Due: April 1 and October 1 as shown below

**Maturity Schedule** 

# Serial Bonds

| Due       | Principal<br><u>Amount</u> | Interest<br><u>Rate</u> | Offering<br><u>Price</u> |
|-----------|----------------------------|-------------------------|--------------------------|
| 10/1/2009 | \$30,000                   | 4.000%                  | 101.523%                 |
| 4/1/2010  | 100,000                    | 4.000                   | 101.805                  |
| 10/1/2010 | 100,000                    | 4.000                   | 102.240                  |
| 4/1/2011  | 100,000                    | 4.000                   | 101.951                  |
| 10/1/2011 | 100,000                    | 4.000                   | 102.259                  |
| 4/1/2012  | 100,000                    | 4.000                   | 101.550                  |
| 10/1/2012 | 100,000                    | 4.000                   | 101.729                  |
| 4/1/2013  | 125,000                    | 4.000                   | 100.947                  |
| 10/1/2013 | 125,000                    | 4.000                   | 101.032                  |
| 4/1/2014  | 125,000                    | 4.250                   | 101.267                  |
| 10/1/2014 | 125,000                    | 4.250                   | 101.360                  |
| 4/1/2015  | 125,000                    | 4.375                   | 100.869                  |
| 10/1/2015 | 125,000                    | 4.375                   | 100.922                  |
| 4/1/2016  | 125,000                    | 4.500                   | 100.734                  |
| 10/1/2016 | 125,000                    | 4.500                   | 100.772                  |

\$1,020,000 Term Bonds due April 1, 2020, Interest Rate: 5.000%, Offering Price: 100.390% <sup>c</sup> \$1,825,000 Term Bonds due April 1, 2025, Interest Rate: 5.375%, Offering Price: 98.630% \$1,845,000 Term Bonds due April 1, 2029, Interest Rate: 5.625%, Offering Price: 98.247% \$2,310,000 Term Bonds due April 1, 2033, Interest Rate: 5.750%, Offering Price 98.565% \$3,695,000 Term Bonds due April 1, 2038, Interest Rate: 5.750%, Offering Price 97.901%

<sup>c</sup> Priced to call date

# **REGARDING USE OF THIS OFFICIAL STATEMENT**

No dealer, broker, salesman or other person has been authorized by the Board, the City, the CID 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 any of the foregoing. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information set forth herein has been obtained from the Board, the City, the CID and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Board or the Underwriter. 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 Board, the CID or the City since the date hereof.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BOARD. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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

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

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

# TABLE OF CONTENTS

.

| Page                                      |
|---|
| INTRODUCTORY STATEMENT 1                  |
| Purpose of the Official Statement1        |
| The Board1                                |
| The City1                                 |
| The CID1                                  |
| Loan of Bond Proceeds1                    |
| The Bonds                                 |
| Security for the Bonds                    |
| Annual Appropriation Covenant             |
| Additional Bonds                          |
| CID Sales Tax Revenues                    |
| Subordinate Lien on Certain TIF Revenues  |
| Bondowners' Risks                         |
| Continuing Disclosure                     |
| Definitions and Summaries of Legal        |
|   |
| Documents                                 |
| THE BOARD                                 |
| General                                   |
| Organization and Membership4              |
| Other Indebtedness of the Board5          |
| THE CITY                                  |
| PLAN OF FINANCING                         |
| Financing of the Events Center6           |
| Estimated Sources and Uses of Funds6      |
| <b>THE CID</b> 7                          |
| General7                                  |
| Land Area and Existing Development7       |
| CID Governance and Administration10       |
| CID Sales Tax10                           |
| THE EVENTS CENTER PROJECT13               |
| Events Center13                           |
| Adjacent Ice and Practice Facility        |
| Infrastructure Improvements14             |
| Budget                                    |
| Design of the Events Center               |
| Construction of the Events Center         |
| Development Schedule15                    |
| Management Services15                     |
| <b>THE BONDS</b>                          |
| General Terms15                           |
| Book-Entry Only System16                  |
| Redemption                                |
| Transfer Outside Book-Entry Only System23 |
| CUSIP Numbers                             |
| SECURITY AND SOURCES OF PAYMENT           |
| FOR THE BONDS                             |
| General                                   |
| Special, Limited Obligations              |
| The Financing Agreement                   |
| City Annual Appropriation Obligation24    |
| City Annual Appropriation Congation24     |

|                     | Page  |
|---------------------|---|
|                     | s Tax Revenues25  |
| Subordina           | ate Lien on Certain TIF Revenues 25                       |
| Debt Serv           | vice Reserve Fund   |
| The Inder           | nture   |
|                     | 1 Bonds   |
|                     | ERS' RISKS  |
|                     | 27  |
|                     | ors Relating to the City's                                |
|                     |   |
|                     | tions to Make Loan Payments 27                            |
|                     | ors Relating to the Collection of                         |
|                     | lles Tax and TIF Revenues                                 |
|                     | Design and Construction of Events                         |
|                     |   |
|                     | Additional Bonds30  |
| Projected           | Interest Rates  |
| Loss of P           | remium Upon Early Redemption 30                           |
| Constitut           | ional Challenge of Kentucky State                         |
|                     | e Tax Exemption for Interest Paid                         |
|                     | -Exempt Bonds   |
|                     | ional Interest or Mandatory                               |
|                     | ption upon Missouri Taxability31                          |
|                     | ation of Taxability                                       |
|                     | anon of Remedies  |
|                     | ent of Indenture  |
|                     | N   |
|                     |   |
|                     | d   |
|                     |   |
|                     | TTERS   |
|                     | ERS   |
|                     | of Bond Counsel32   |
|                     | x Consequences33  |
|                     |   |
| FINANCIAI           | L STATEMENTS 34   |
| CONTINUI            | NG DISCLOSURE   |
| UNDERWR             | ITING   |
| MISCELLA            | NEOUS   |
|                     |   |
| Appendix A:         | Information Concerning the City of                        |
| A manager alter D . | Independence, Missouri<br>Accountants' Report and Audited |
| Appendix B:         | Financial Statements of the City of                       |
|                     | Independence, Missouri for Fiscal                         |
|                     | Year Ended June 30, 2007;                                 |
| •                   | Unaudited Financial and Operating                         |
|                     | Report for Period Ended January 31,                       |
|                     | 2008  |
| Appendix C:         | Definitions of Words and Terms and                        |
| ••                  | Summaries of Certain Legal                                |
|                     | Documents   |
| Appendix D:         | Form of Opinion of Bond Counsel                           |

# **OFFICIAL STATEMENT**

# **MISSOURI DEVELOPMENT FINANCE BOARD**

# \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

# INTRODUCTORY STATEMENT

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the Cover Page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in Appendix C hereto.

## **Purpose of the Official Statement**

This Official Statement, including the cover page and the Appendices, sets forth certain information in connection with (i) the issuance and sale by the Missouri Development Finance Board, a body corporate and politic of the State of Missouri (the "Board"), of the above-described series of bonds (the "Bonds"), (ii) the City of Independence, Missouri (the "City"), (iii) the Independence Events Center Community Improvement District, a political subdivision of the State of Missouri (the "CID"), and (iv) the Events Center Project more fully described herein (the "Events Center").

## The Board

The Board is a body corporate and politic created and existing under the laws of the State of Missouri, including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the "Act").

## The City

The City is a constitutional charter city and political subdivision of the State of Missouri. See the caption "THE CITY" herein and "APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI."

## The CID

The CID is a community improvement district, and a political subdivision of the State of Missouri, formed under Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the "CID Act"). The District was formed on December 20, 2007, through the passage of an ordinance by the City Council of the City. See the caption "THE CID" herein

## Loan of Bond Proceeds

The proceeds of the Bonds will be loaned by the Board to the City pursuant to a Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") to permit the City to reimburse or pay the costs of design, construction and development of the Events Center. A description of the Events Center is set forth under the caption "THE REDEVELOPMENT PROJECT." The proceeds of the Bonds will also be used to

fund a Debt Service Reserve Fund for the Bonds and to pay the costs of issuing the Bonds, all as more fully described herein under the caption "SOURCES AND USES OF FUNDS."

## The Bonds

The Bonds will be issued pursuant to the Act and the Bond Trust Indenture dated April 1, 2008 (the "Indenture"), all between the Board and Commerce Bank, N.A., Kansas City, Missouri (the "Trustee"), for the purpose of providing funds to make a loan to the City pursuant to the Financing Agreement, in consideration of payments by the City, which will be sufficient to pay the principal of, premium, if any, and the interest on the Bonds, all as more fully described in the Financing Agreement and the Indenture. A description of the Bonds is contained in this Official Statement under "THE BONDS." All references to the Bonds are qualified in their entirety by the definitive forms thereof and the provisions with respect thereto included in the Indenture and the Financing Agreement.

## Security for the Bonds

The Bonds and the interest thereon are special, limited obligations of the Board payable by the Board solely from (1) certain payments to be made by the City under the Financing Agreement, (2) subject to the conditions described herein, certain CID Sales Tax Revenues and TIF Revenues; and (3) certain other funds held by the Trustee under the Indenture, and not from any other fund or source of the Board. Payments under the Financing Agreement are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of, premium, if any, and interest on the Bonds. Except as noted herein, all payments by the City under the Financing Agreement are subject to annual appropriation. Pursuant to the Indenture, the Board will assign to the Trustee, for the benefit and security of the registered owners of the Bonds, substantially all of the rights of the Board in the Financing Agreement, including all Loan Payments and Additional Payments payable thereunder.

The Bonds are not an indebtedness of the Board, the City, the CID, the State of Missouri or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the state of Missouri. Neither the full faith and credit nor the taxing powers of the City, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

## **Annual Appropriation Covenant**

The Financing Agreement contains an annual appropriation covenant pursuant to which the City agrees to budget and appropriate sufficient moneys to pay all Loan Payments and reasonably estimated Additional Payments for the next succeeding fiscal year. If the City continues to appropriate such moneys, the City's obligations to make Loan Payments and Additional Payments will be payable from all general fund revenues of the City for that fiscal year. The taxing power of the City is not pledged to the payment of Loan Payments either as to principal or interest. See the caption "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS – Annual Appropriation Obligation of the City."

## **Additional Bonds**

The Indenture provides for the issuance of additional bonds ("Additional Bonds") which, if issued, would rank on a parity with the Bonds and any other bonds then outstanding under such Indenture issued on a parity with the Bonds. See "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS – Additional Bonds" and "SUMMARY OF THE INDENTURE – Additional Bonds" in Appendix C hereto.

## **CID Sales Tax Revenues**

As more fully described herein, the City's obligation to make Loan Payments with respect to the Bonds under the Financing Agreement will, in addition to the annual appropriation covenant discussed in the preceding paragraph, be secured by the CID Sales Tax Revenues (defined herein). The CID Sales Tax Revenues are subject to annual appropriation by the Board of Directors of the CID. The CID Sales Tax Revenues consist of the collections of a sales tax to be levied by the CID, less certain administration and collection costs.

## Subordinate Lien on Certain TIF Revenues

The City will, on a subordinate basis, subject to annual appropriation, pledge certain TIF Revenues from four existing tax increment financing redevelopment areas to the payment of the Bonds. The TIF Revenues available to make payments on the Bonds will be limited to an amount equal to 50% of the CID Sales Tax Revenues generated within the four tax increment financing districts and which are captured by the existing TIF districts, and not from any other revenues generated as a result of tax increment financing in those districts. The City has completed amendments to the applicable TIF Plans to allow the funding of the Events Center from these revenues on a subordinate basis. The pledge of such revenues will be subordinate to the payment of other outstanding bonds issued by the Board for projects unrelated to the Events Center and the payment of certain other amounts and will be also be subordinate to the payment of additional bonds the City may issue that are payable from such revenues. As a result potential investors should not purchase the Bonds in reliance on the availability of such TIF Revenues being available for payment of the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Subordinate Lien on Certain TIF Revenues" herein.

## **Bondowners' Risks**

Payment of the principal of and interest on the Bonds is primarily dependent upon the collection of CID Sales Tax Revenues and the City's decision to continue to annually appropriate sufficient moneys to make Loan Payments under the Financing Agreement. See "BONDOWNERS' RISKS" for a discussion of certain risks.

## **Continuing Disclosure**

The City will execute a Continuing Disclosure Agreement for the benefit of the owners of the Bonds to provide certain annual financial information and notices of the occurrence of certain material events. The information will include a description of the CID Sales Tax Revenues and TIF Revenues received by the City. A summary of the Continuing Disclosure Agreement is attached to this Official Statement in **Appendix C** hereto.

## **Definitions and Summaries of Legal Documents**

Definitions of certain words and terms used in this Official Statement are set forth in *Appendix C* of this Official Statement. Summaries of the Indenture, the Financing Agreement, the City's Authorizing Ordinance, Cooperative Agreement between the CID and the City (the "Cooperative Agreement") and the Continuing Disclosure Agreement are included in this Official Statement in Appendix C hereto, except as otherwise noted. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be viewed at the principal corporate trust office of the Trustee, Commerce Bank, N.A., Corporate Trust Department, 922 Walnut,  $10^{th}$  Floor, Kansas City, Missouri 64106. Copies of such documents and the other documents described herein will be available at the offices of the

Underwriter, Piper Jaffray & Co., at 11150 Overbrook Road, Suite 310, Leawood, Kansas 66211 during the period of the offering and, thereafter, at the principal corporate trust office of the Trustee.

## THE BOARD

## General

The issuer of the Bonds is the Missouri Development Finance Board (the "Board"). The Board is a body corporate and politic created and existing under the laws of the State of Missouri, including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the "Act"). The Bonds will be authorized and issued by the Board under the provisions of the statutes of the State of Missouri, including the Act. Missouri law requires that the State shall not be liable in any event for the payment of the principal of or interest on any bonds of the Board or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Board and no breach of any such pledge, mortgage, obligation or agreement may impose any pecuniary liability upon the State or any charge upon the general credit or taxing power of the State.

# **Organization and Membership**

The Board was established pursuant to the Act in 1982 and consists of twelve members, eight of which are appointed by the Governor, with the advice and consent of the Senate. The Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Natural Resources serve as ex-officio, voting members of the Board. No more than five of the members may be of the same political party except for the Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Natural Resources. Appointed members serve terms of four years. Each member of the Board continues to serve until a successor has been duly appointed and qualified.

• Robert V. Miserez — Executive Director of the Board

As of the date hereof, the members of the Board and the terms of appointed members are as follows.

- *Peter D. Kinder* Chairman. The Honorable Peter Kinder is the Lieutenant Governor of the State of Missouri.
- John D. Starr Vice Chairman, term as a member expires September 14, 2011. Mr. Starr is Chief Executive Officer of KOCH Equipment LLC, a worldwide distributor and manufacturer for the meat and food industry located in Kansas City, Missouri.
- Larry D. Neff Secretary, term as a member expires September 14, 2010. Mr. Neff is President of Larry Neff Management and Development in Neosho, Missouri.
- Nelson C. Grumney, Jr. Treasurer, term as a member expires September 14, 2008. Mr. Grumney is President and Chief Executive Officer of Neland Investment Management, LLC in St. Louis, Missouri.
- S. Lee Kling term as a member expired September 14, 2011. Mr. Kling is Chairman of the Board of the Kling Company in St. Louis, Missouri.

- *Richard J. Wilson* term as a member expires September 14, 2008. Mr. Wilson is Executive Vice President of Jefferson Bank of Missouri in Jefferson City, Missouri.
- L.B. Eckelkamp, Jr. term as a member expires September 14, 2007. Mr. Eckelkamp is Chairman of the Board of Bank of Washington in Washington, Missouri.
- Danette D. Proctor term as a member expires September 14, 2010. Ms. Proctor is co-owner of D-4 Investments, LLC in Springfield, Missouri.
- John E. Mehner term as a member expires September 14, 2011. Mr. Mehner is President and CEO of the Cape Girardeau Area Chamber of Commerce in Cape Girardeau, Missouri.
- *Gregory A. Steinhoff* ex-officio member. Mr. Steinhoff is the Director of the Department of Economic Development.
- *Katie Smith* ex-officio member. Ms. Smith is the Director of the Department of Agriculture.
- *Doyle Childers* ex-officio member. Mr. Childers is the Director of the Department of Natural Resources.

## Other Indebtedness of the Board

The Board has sold and delivered other bonds and notes secured by instruments separate and apart from, and not secured by, the Indenture securing the Bonds. The holders and owners of such bonds and notes have no claim on assets, funds or revenues of the Board pledged under the Indenture, and the owners of the Bonds will have no claim on assets, funds or revenues of the Board securing other bonds and notes. The Board has never defaulted on any of its bonds or notes.

With respect to additional indebtedness of the Board, the Board intends to enter into separate agreements for the purpose of providing financing for other eligible projects and programs. Issues that may be sold by the Board in the future will be created under separate and distinct indentures or resolutions and secured by instruments, properties and revenues separate from those securing the Bonds.

EXCEPT FOR INFORMATION CONCERNING THE BOARD IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED **"THE BOARD**" AND **"LITIGATION – THE BOARD**," NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOARD AND THE BOARD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

## THE CITY

Incorporated in 1849, the City of Independence, Missouri (the "City") is the county seat of Jackson County, Missouri and adjoins Kansas City, Missouri to the west. The City is the fourth largest city in Missouri. The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the voters in October 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City.

Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms. Certain information describing the City is attached hereto in **Appendix A**.

## **PLAN OF FINANCING**

## **Financing of the Events Center**

The Board expects to issue in the aggregate approximately \$68,295,000 in bonds (including the Bonds) at the request of the City to finance the costs of acquiring, developing, constructing, equipping and opening the Events Center. Any bonds issued subsequent to the Bonds for the Events Center will be issued as Additional Bonds. The proposed Additional Bonds will be secured on a parity with the Bonds, (except with respect to the Series 2008D Account of the Debt Service Reserve Fund which shall only be pledged to secure the Bonds), and therefore will share an equal claim on the CID Sales Tax Revenues. The Bonds are the first series of bonds issued for the Project. See "PLAN OF FINANCING," "THE EVENTS CENTER PROJECT – Related Series of Bonds," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds" and "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

Based up the current development schedule, the City expects the future series of bonds to be issued in the later this year and next year when additional funds are needed. The City may request that the Board issue Additional Bonds before that time if it determines that such issuance will be beneficial to the City.

## **Estimated Sources and Uses of Funds**

The proceeds of the Bonds and Additional Bonds will be applied as follows:

Sources of Funds:

|  | Series 2008D      | Future              |                     |
|--|-------------------|---------------------|---------------------|
|  | Bonds             | Series              | Total               |
| Principal amount                           | \$12,325,000.00   | \$55,970,000.00     | \$68,295,000.00     |
| Reoffering Premium (Discount)              | (142,204.25)      | (705,898.65)        | (848,102.90)        |
| Accrued Interest                           | 3,700.97          |                     | <u>3,700.97</u>     |
| Total sources of funds                     | \$12,186,496.72   | \$55,264,101.35     | \$67,450,598.07     |
| Uses of Funds:                             |                   |                     |                     |
|  | Series 2008D      | Future              |                     |
|  | Bonds             | Series              | Total               |
| Deposit to the Project Fund <sup>†</sup>   | \$10,306,502.22   | \$50,008,795.09     | \$60,315,297.31     |
| Debt Service Reserve Fund                  | 883,475.00        | 3,900,656.26        | 4,784,131.26        |
| Debt Service Fund                          | 3,700.97          |                     | 3,700.97            |
| Capitalized Interest                       | 662,474.03        |                     | 662,474.03          |
| Costs of Issuance (including Underwriter's | <u>330,344.50</u> | <u>1,354,650.00</u> | <u>1,684,994.50</u> |
| Discount)                                  |                   |                     |                     |
| Total uses of funds                        | \$12,186,496.72   | \$55,264,101.35     | \$67,450,598.07     |

Project fund deposit includes fees, costs and expenses relating to the creation and implementation of the CID.

## THE CID

## General

The Independence Events Center Community Improvement District (the "CID") is a community improvement district, and a political subdivision of the State of Missouri, formed under Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the "CID Act"). The District was formed on December 20, 2007, through the passage of an ordinance by the City Council of the City.

## Land Area and Existing Development

The CID encompasses approximately 1,294 acres generally located at the intersection of Interstate 70 and Missouri Highway 291, all within the city limits of the City, and as further identified in the map below. The boundaries of the CID include a significant amount of existing retail development, including the following:

1. <u>Eastland Center</u> – The Eastland Center Project is a tax increment financing project initiated by the City over approximately 212 acres. The Eastland Center area includes retail, commercial and hotel development, including a Costco and Lowe's. Further office development is anticipated in the Eastland Center area. The site of the Events Center is also within the Eastland Center tax increment financing redevelopment area.

2. <u>Bolger Square</u> – Bolger Square is also a tax increment financing project initiated by the City. However, the City will concurrently with the issuance of the bonds, terminate tax increment financing for this project as all project costs will have been paid. The retail and commercial development in Bolger Square is anchored by Target, JC Penney and Dick's Sporting Goods.

3. <u>Independence Center</u> – Independence Center is an indoor shopping mall with over 130 stores including Dillard's, Macy's and Sears. Independence Center is within the boundaries of the CID but is not within an existing tax increment financing area of the City. Independence Center is managed by Simon Property Group, Inc.

4. <u>Crossroads</u> - The Crossroads development contains a Wal-Mart, Sam's Club, PetSmart and several restaurants. The Crossroads development is generally located west and north of Independence Center and is within the CID. Crossroads was formerly a tax increment financing project but tax increment financing is no longer in effect because all eligible redevelopment project costs have been paid.

5. <u>Independence Commons</u> – This shopping center is located within the CID generally north of Independence Center and includes a Best Buy, Marshalls, Barnes & Noble, Shoe Carnival, Bed Bath and Beyond, Kohl's, a 20 screen AMC Independence Commons movie theater and other commercial uses. As with Crossroads, Independence Commons was formerly a tax increment financing project but tax increment financing is no longer in effect because all eligible redevelopment project costs have been paid.

6. <u>Centerpoint Project</u> – the Centerpoint redevelopment project is comprised of a 257 bed hospital facility, an ambulatory surgery center and a medical office building. The Centerpoint Project will not generate significant sales tax revenue.

7. <u>Trinity Project</u> – The Trinity tax increment financing project is still in the early stages of development. It is projected to include retail stores, including restaurants,

comprising approximately 33,200 square feet, approximately 98,250 square feet of general commercial space and multiple office buildings.

8. <u>Hartman Heritage Center</u> – Hartman Heritage Center is a tax increment financing project that is comprised of a large number of restaurant and retail establishments, including Dress Barn, Linens & Things, World Market, Thomasville Basset, Pier One Imports and Herford House as well as a 201 room Hilton Garden Inn with an 11,322 square foot ballroom.

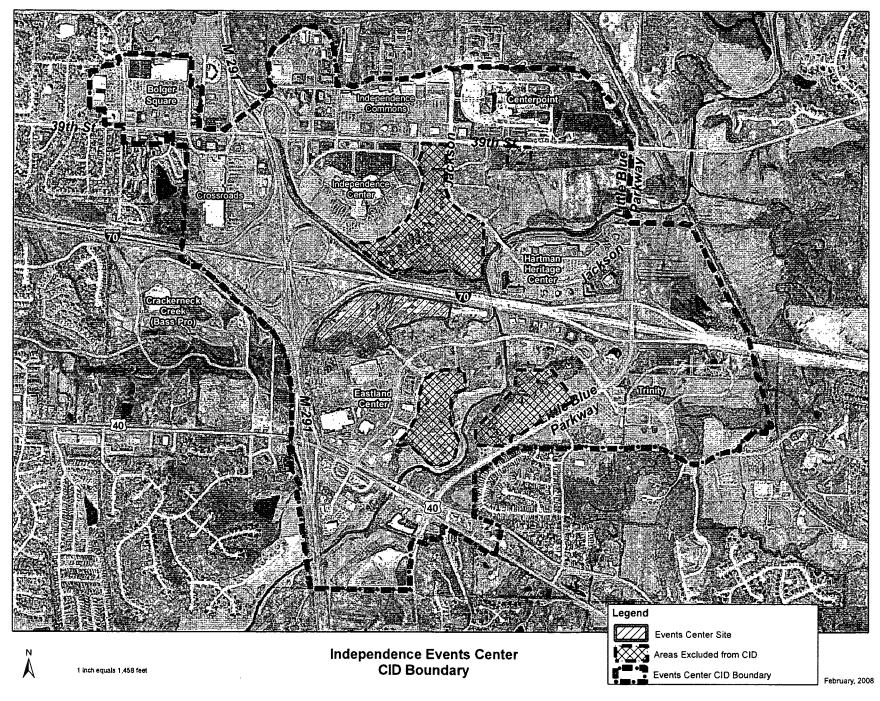
The CID includes numerous other smaller retail establishments, restaurants and other commercial uses. Annual sales in the area of what has since become the CID during calendar year 2007 were approximately \$684,306,579. As determined by the Jackson County Assessor, the market value of real property and improvements in the CID is \$407,976,315. This figure does not include the total value of the Centerpoint Hospital, which was recently completed.

The CID is also adjacent to the Crackerneck Creek redevelopment project. This project is anticipated to include 450,000 square feet of retail space, including a 150,000 square foot Bass Pro Outdoor World Store. The Bass Pro Store is open. No other retail space is leased or under construction as of the date hereof. The Crackerneck Creek Project is not within the CID.

A map of the boundaries of the CID is included on the following page. The map identifies the general location of the other development described above. Areas noted as being excluded from the CID boundaries are residential areas. The CID does not include any residential uses.

[Remainder of Page Intentionally Left Blank]

.



#### **CID Governance and Administration**

The CID Act vests all power of the District in a Board of Directors. The Board of Directors is appointed by the City. Members of the Board of Directors serve a term of four years, except that the term of the initial members of the Board of Directors are staggered so that the terms of the initial members are either two-year or four-year terms. Each director serves without compensation and may be removed by the District with cause. The by-laws of the District provide for the annual election of officers.

The current directors and officers of the District and the date on which their terms expire are as follows:

| Name              | Office                             | Affiliation                                  | Term Expires |
|-------------------|------------------------------------|--|--------------|
| Larry Kaufman     | Chairman and<br>Executive Director | City of Independence,<br>Asst. City Manager  | 12/19/2011   |
| Stephanie Roush   | Vice-Chairman                      | City of Independence,<br>Director of Tourism | 12/19/2009   |
| James C. Harlow   | Treasurer                          | City of Independence,<br>Director of Finance | 12/19/2011   |
| Vernon Meckel     | Secretary                          | Simon Property Group,<br>Mall Manager        | 12/19/2009   |
| G.L. "Tom" Thomas | n/a                                | Blue Ridge Bank,<br>Chairman of the Board    | 12/19/2009   |

To be eligible to serve as a Director an individual must be (1) at least twenty-one years of age; and (2) be either an owner, or representative of an owner, of real property within the District.

The CID has entered into a Cooperative Agreement with the City (the "Cooperative Agreement") which provides that the CID will, subject to annual appropriation by the CID, remit the collections of the CID Sales Tax to the City on a monthly basis. The City will then apply the CID Sales Tax Revenues to make principal and interest payments on the Bonds. Once each semiannual principal and interest payment is made, the City may expend remaining CID Sales Tax Revenue on public improvements and services eligible for funding under the CID Act and the Cooperative Agreement. These include such things as a bus or trolley system to operate in the area of the CID and any capital costs related to the Events Center not paid out of the proceeds of the Bonds.

#### **CID** Sales Tax

On February 26, 2008, the qualified voters of the District approved the imposition of a sales tax in the amount of up to one percent (1%) on all transactions that are taxable pursuant to the CID Act (the "CID Sales Tax"). The current intention of the CID is that the CID Sales Tax will be imposed at a rate of .5% for a period of 20 years and thereafter be increased to .625% for the remaining life of the CID. The intention of the CID sales Tax Rate was presented to the voters of the District during the election process, with the understanding that the rate of the tax would be increased if necessary, but only to the maximum of 1.0%, to pay debt service on any bonds issued to finance the completion of the Events Center. Based on current projections, the rate of the CID Sales Tax will need to be increased above .5% to pay debt service on the Bonds and the Additional Bonds projected to the issued to fund completion of the Events

Center. See "Projected Debt Service Coverage of the CID Sales Tax Revenues" below. No further voter authorization for such increase is needed. As Additional Bonds are issued, the City will assess the level of the CID Sales Tax and projected CID Sales Tax Revenues for the then upcoming year to determine if an increase in the rate of the CID Sales Tax is needed.

The CID Sales Tax is to remain in effect for 35 years. Businesses having taxable sales in the CID would collect the CID Sales Tax and forward it to the State of Missouri, which in turn will remit the CID Sales Tax to the District. The CID Sales Tax will be collected beginning July 1, 2008.

In the Cooperative Agreement, the CID has covenanted, subject to annual appropriation by the Board of Directors of the CID, to remit moneys it receives from the CID Sales Tax to the City. The City has covenanted under the Financing Agreement to use CID Sales Tax Revenues for payment of the Bonds. CID Sales Tax Revenues consist of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the City for administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue. The City estimates that the total amount of such administrative and collection costs (exclusive of collection costs of the State which are set at 1% of collections) will be approximately \$66,400 on an annual basis.

Pursuant to the Authorizing Ordinance, on each semiannual payment date, the City will use the CID Sales Tax Revenues to make principal and interest payments on the Bonds. After making such payments, the City may use available CID Sales Tax Revenues for the purpose of paying costs of other public improvements and services in the District. See "SUMMARY OF THE AUTHORIZING ORDINANCE" in Appendix C hereto.

[Remainder of Page Intentionally Left Blank]

# Projected Debt Service Coverage of the CID Sales Tax Revenues

The following table summarizes projected debt service coverage for the Bonds and anticipated Additional Bonds (an estimated total of \$68,295,000) based on the CID Sales Tax Revenues starting in calendar year 2009 if the CID Sales Tax is levied at the highest rate that has been authorized by the voters of the CID, 1.0%, throughout the term of the Bonds. The CID Sales Tax has been initially levied at the rate of .5%. The City anticipates that the amount of the CID Sales Tax will be increased as needed to pay debt service on the Bonds and any Additional Bonds up to the maximum authorized rate of 1%. See the caption "THE CID - CID Sales Tax" herein.

The table uses gross sales revenues information for businesses operating within the CID District for the calendar year ending December 31, 2007, and assumes no annual increase in gross sales in the CID.

| Calendar Year | Estimated<br>CID Sales Tax<br>Revenues <sup>1</sup> | Other<br>Revenues <sup>2</sup> | Total<br>Projected<br>Revenues | Projected Total<br>Debt Service <sup>3</sup> | Projected<br>Coverage |
|---------------|---|--------------------------------|--------------------------------|--|-----------------------|
| 2009          | \$6,500,912   | \$524,736                      | \$7,025,648                    | \$3,997,334                                  | 1.76                  |
| 2010          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,629,838                                  | 1.45                  |
| 2011          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,629,338                                  | 1.45                  |
| 2012          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,627,038                                  | 1.45                  |
| 2013          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,628,038                                  | 1.45                  |
| 2014          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,626,938                                  | 1.45                  |
| 2015          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,628,738                                  | 1.45                  |
| 2016          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,628,438                                  | 1.45                  |
| 2017          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,625,025                                  | 1.45                  |
| 2018          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,625,903                                  | 1.45                  |
| 2019          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,627,044                                  | 1.45                  |
| 2020          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,627,538                                  | 1.45                  |
| 2021          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,625,766                                  | 1.45                  |
| 2022          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,627,806                                  | 1.45                  |
| 2023          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,628,078                                  | 1.45                  |
| 2024          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,630,334                                  | 1.45                  |
| 2025          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,628,131                                  | 1.45                  |
| 2026          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,629,881                                  | 1.45                  |
| 2027          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,630,047                                  | 1.45                  |
| 2028          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,628,628                                  | 1.45                  |
| 2029          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,622,650                                  | 1.45                  |
| 2030          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,623,188                                  | 1.45                  |
| 2031          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,625,338                                  | 1.45                  |
| 2032          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,628,550                                  | 1.45                  |
| 2033          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,627,413                                  | 1.45                  |
| 2034          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,629,975                                  | 1.45                  |
| 2035          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,629,125                                  | 1.45                  |
| 2036          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,626,344                                  | 1.45                  |
| 2037          | \$6,500,912   | \$203,326                      | \$6,704,238                    | \$4,625,913                                  | 1.45                  |
| 2038          | \$2,166,971   | \$4,885,794                    | \$7,052,765                    | \$4,737,394                                  | 1.49                  |

<sup>&</sup>lt;sup>1</sup> Assumes gross sales at 2007 levels as estimated by the City with no annual increase. Net of estimated collection and administration expenses, and includes TIF Revenues but no other revenues from tax increment financing. The City anticipates that the tax will be collected through the year 2043.

Represents estimated earnings on debt service reserve fund, capitalized interest in 2009 and release of reserves in 2038.

<sup>&</sup>lt;sup>3</sup> Estimated debt service on three series of bonds in the aggregate principal amount of \$68,295,000 with combined True Interest Cost of 5.666%.

The foregoing table assumes that the total amount of Bonds and Additional Bonds the City expects to issue is \$68,295,000. While the City believes this will provide adequate funds to construct, equip and begin operations of the Events Center, the Events Center has not been designed and the actual projects costs are not known at this time. See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center." If costs of the Event Center exceed current estimates or if interest rates are higher than expected, the projected debt service coverage shown above will be lower. See "BONDOWNERS' RISKS – Projected Interest Rates." Nothing in the Indenture or Financing Agreement requires the City to have a positive coverage of debt service. The issuance of the Additional Bonds is not subject to any parity test so long as the City secures such Additional Bonds with its annual appropriation covenant. Pursuant to the Financing Agreement the City is obligated to complete construction of the Events Center whether or not the City is able to issue bonds or cause the Board to issue bonds to fund such costs.

## THE EVENTS CENTER PROJECT

Completion of the Events Center consists of three basic categories of improvements, which include an Events Center, an Adjacent Ice and Practice Facility, and related Infrastructure Improvements, each as further described below. The site for the Events Center will be an approximately 27 acre tract of land at the southeast quadrant of the intersection of Interstate 70 and Missouri Highway 291, as identified on the map on page 9. The Events Center will be owned by the City.

# **Events Center**

The Events Center will be capable of hosting sporting, civic and entertainment events and will contain approximately 162,000 square feet of space on two levels. The Events Center will have a maximum seating capacity of 6,100 spectators for sporting events and 8,100 for concert events, with 29 luxury suites. The capacity of the Events Center is expanded from 6,100 to 8,100 for concerts and other special events by the use of approximately 2,000 folding or stacking chairs. The seating totals also include approximately 500 club seats and a separate loge section which will be served by lounges with bars and concessions.

The rink area will be based on NHL standards of 85 feet x 200 feet, with an ice rink designed to withstand repeated quick changes from ice events to non-ice events. The facility will also include administrative offices, a box office, janitorial and equipment rooms, home team and visitor locker rooms, public toilet facilities, concession areas, and a stage for concert events. There will be separate rooms to accommodate the press, radio, and statisticians and to control sound and lighting equipment.

The City anticipates that a Central Hockey League ("CHL") minor league hockey franchise will utilize the Events Center. The CHL currently consists of 18 teams located in mid-market communities throughout the Central and Western regions of the United States. The franchise would be owned by Global Entertainment Corporation ("Global") which also owns the CHL, or sold to a franchisee. It is currently expected that Global or a subsidiary will manage the Events Center for the City. See the caption "DEVELOPMENT AND MANAGEMENT OF THE EVENTS CENTER PROJECT" herein for a description of Global, its subsidiaries and the management agreement.

# Adjacent Ice and Practice Facility

The Adjacent Ice and Practice Facility will be under the same roof as the Events Center but will be set up as a separate facility. The facility will contain approximately 28,200 square feet and will contain a standard NHL size rink of 85 feet x 200 feet. The facility will also include its own lobby and spectator bleacher seating for approximately 270 spectators, a storage area for various hockey and figure skating gear, a skate rental area, separate concession areas, a party room, restroom facilities, and shared locker rooms with the main Events Center facility. The City's Parks and Recreation Department will have an administrative office in the facility. Scoreboards and some minimal electronic signage will also be installed. The facility will utilize the same mechanical equipment and infrastructure to be constructed for the Events Center. The City anticipates that the Adjacent Ice and Practice Facility will be used by the public and also for practices by the CHL franchise. See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

# Infrastructure Improvements

Site infrastructure improvements will be made to accommodate the Events Center. Parking will be provided in accordance with City of Independence design criteria. Streets necessary to access the Events Center will be constructed. Utilities will be extended to the site, and landscaping, grading, drainage, and erosion control will be provided as part of the site improvements.

# **Budget for Construction of the Events Center**

The budget for completion of the Events Center is currently projected as follows:

| Events Center and Adjacent Ice |              |
|--------------------------------|--------------|
| and Practice Facility          | \$50,000,000 |
| Infrastructure                 | \$4,193,446  |
| Land Acquisition               | \$5,806,554  |
| Total                          | \$60,000,000 |

The final budget will be dependent upon final design for the project and bids received by the City. As of the date hereof, design of the project has not commenced and the City has neither solicited nor received bids for the project. See "DEVELOPMENT AND MANAGEMENT OF THE EVENTS CENTER PROJECT – Design and Construction." The City anticipates that it will take an assignment of the contract for the acquisition of real estate for the project, and anticipates the closing of such acquisition to occur during April, 2008. See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

Payment of the principal of and interest on the Bonds is <u>not</u> secured by any deed of trust, mortgage or other lien on the Events Center or any other facilities or property of the City. The City will not pledge any operating revenues from the Events Center to the payment of the Bonds.

#### DEVELOPMENT AND MANAGEMENT OF THE EVENTS CENTER PROJECT

# **Design of the Events Center**

The City anticipates hiring The Benham Companies, L.L.C., as the project manager to act as the City's representative in the oversight of the Events Center ("Benham"). Benham has been in business since 1909 and has provided project management services for projects such as Branson Landing, Branson, Missouri; the Branson Convention Center; Ford Center Arena, Oklahoma City; and the St. Louis Renaissance Grand Hotel and Suites.

The City anticipates hiring Sink Combs Dethlefs to provide architectural and engineering design services for the Project ("Sink Combs"). Sink Combs was founded in Denver, Colorado in 1962, and has provided architectural and engineering services for over 24 arena and event center projects throughout the United States. Facilities similar to the Events Center for which Sink Combs has provided architectural services includethe following projects: HP Pavilion, San Jose, CA; MTS Centre, Winnipeg, Manitoba CAN; Broomfield Event Center, Broomfield, CO; Ford Center, Oklahoma City, OK; Rio Rancho Events Center, Rio Rancho, NM and Tim's Toyota Center, Prescott Valley, AZ. See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

# **Construction of the Events Center**

The City will enter into a separate agreement with one or more general contractors to provide construction services, materials and labor for the construction of the Project. The City is in the process of evaluating potential contractors.

#### **Development Schedule**

The City currently expects that the Events Center will be developed on the following schedule:

|                          | Projected Date   |
|--------------------------|------------------|
| Acquire land             | April 4, 2008    |
| Design Completion        | June 30, 2008    |
| Commence construction    | June 15, 2008    |
| Opening of Events Center | December 1, 2009 |
|                          |                  |

# See "BONDOWNERS' RISKS - Status of Design and Construction of Events Center."

#### Management Services

The City is currently negotiating various management agreements with Global Entertainment Corporation, a Nevada corporation ("Global"). Global is a public company whose stock is traded on the American Stock Exchange under the symbol "GEE." Global is an event and entertainment company that is engaged, through its seven wholly owned subsidiaries, in sports management, multipurpose events center and related real estate development, facility and venue management and marketing, venue ticketing and brand licensing. Global was organized as a Nevada corporation on August 20, 1998, under the name Global II, Inc. It is anticipated that Global, with the assistance of its subsidiaries, will provide consultation services during the design and construction of the Events Center and Adjacent Ice and Practice Facility and will manage the facilities upon completion. No agreements for such services have been executed with Global or any of its subsidiaries and there can be no assurance that the City will be able to reach final terms with Global. If the City is unable to reach agreement with Global the City intends to seek competitive proposals from other qualified management firms.

#### THE BONDS

#### General Terms

The Bonds are being issued in the principal amounts shown on the cover page, are dated April 1, 2008, will bear interest from the date thereof or from the most recent interest payment date to which interest has been paid at the rates per annum set forth on the inside cover page, payable semi-annually on April 1 and October 1 of each year, and will mature semi-annually on April 1 and October 1 in the years as set forth on the inside cover page. The Bonds are issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The principal of the Bonds are payable at the principal corporate trust office of the Trustee. The interest on the Bonds is payable (a) by check or draft mailed by the Trustee to the persons who are the registered owners of the Bonds as of the close of business on the 15th day of the month preceding the respective interest payment dates, as shown on the bond registration books maintained by the Trustee, or (b) at the expense of the registered owner, by electronic transfer of immediately available funds at the written request of any registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, if such written notice specifying the electronic transfer instructions is provided to the Trustee not less than 15 days prior to the Interest Payment Date. Purchases of the Bonds will be made in book-entry only form (as described immediately below), in the denomination of \$5,000 or any integral multiple thereof.

will not receive certificates representing their interests in the Bonds purchased. If the specified date for any payment on the Bonds is a date other than a Business Day, such payment may be made on the next Business Day without additional interest and with the same force and effect as if made on the specified date for such payments.

# **Book-Entry Only System**

General. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry only system (the "Book-Entry Only System") maintained by The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC or the Trustee as its "FAST" agent.

**DTC** and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Bonds 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 Bonds 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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Bonds and Exchange Commission. More information about DTC can be found at www.dtc.com and www.dtc.org.

**Purchase of Ownership Interests.** 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.

**Transfers.** To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 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.

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

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

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Board 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).

**Payments of Principal and Interest.** So long as any Bond is registered in the name of DTC's nominee, all payments of principal of, premium, if any, and interest on such Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from City or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Board or the City, 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 City and the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

None of the Underwriter, the Trustee, the City nor the Board will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to owners of the Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information above concerning DTC and DTC's book-entry system has been obtained from sources that the Board and the City believe to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the Board, the City, the Trustee or the

Underwriter. The Board, the City, the Trustee and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

# Redemption

The Bonds are subject to redemption and payment prior to maturity as follows:

**Optional Redemption.** The Bonds maturing on October 1, 2018 and thereafter are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after April 1, 2018, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

*Mandatory Sinking Fund Redemption.* The Bonds maturing on April 1, 2020 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

|           | Principal     |  |  |
|-----------|---------------|--|--|
| Due       | <u>Amount</u> |  |  |
| 4/1/2017  | \$135,000     |  |  |
| 10/1/2017 | 140,000       |  |  |
| 4/1/2018  | 140,000       |  |  |
| 10/1/2018 | 145,000       |  |  |
| 4/1/2019  | 150,000       |  |  |
| 10/1/2019 | 155,000       |  |  |
| 4/1/2020* | 155,000       |  |  |

\*Final Maturity

The Bonds maturing on April 1, 2025 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

|                 | Principal         |
|-----------------|-------------------|
| Due             | <u>Amount</u>     |
| 10/1/2020       | <b>\$1 60 000</b> |
| 10/1/2020       | \$160,000         |
| 4/1/2021        | 165,000           |
| 10/1/2021       | 170,000           |
| 4/1/2022        | 175,000           |
| 10/1/2022       | 180,000           |
| 4/1/2023        | 185,000           |
| 10/1/2023       | 190,000           |
| 4/1/2024        | 195,000           |
| 10/1/2024       | 200,000           |
| 4/1/2025*       | 205,000           |
| *Final Maturity |                   |

The Bonds maturing on April 1, 2029 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| Principal<br><u>Amount</u> |
|----------------------------|
| \$210,000                  |
| 215,000                    |
| 220,000                    |
| 225,000                    |
| 235,000                    |
| 240,000                    |
| 245,000                    |
| 255,000                    |
|                            |

\*Final Maturity

•

-

The Bonds maturing on April 1, 2033 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

|           | Principal |
|-----------|-----------|
| Due       | Amount    |
| 10/1/2029 | \$260,000 |
| 4/1/2030  | 270,000   |
| 10/1/2030 | 275,000   |
| 4/1/2031  | 285,000   |
| 10/1/2031 | 290,000   |
| 4/1/2032  | 300,000   |
| 10/1/2032 | 310,000   |
| 4/1/2033* | 320,000   |
|           |           |

\*Final Maturity

The Bonds maturing on April 1, 2038 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| Principal<br><u>Amount</u> |
|----------------------------|
| \$325,000<br>335,000       |
| 345,000<br>355,000         |
| 365,000<br>375,000         |
| 390,000<br>400,000         |
| 410,000<br>395,000         |
|                            |

\*Final Maturity

The Trustee shall, in each year in which the Bonds are to be redeemed pursuant to the terms of the mandatory sinking fund requirements of the Indenture summarized above make timely selection of such Bonds or portions thereof to be so redeemed by lot in \$5,000 units of principal amount in such equitable manner as the Trustee may determine and shall give notice thereof without further instructions from the Board or the City. At the option of the City, to be exercised on or before the 45th day next preceding each mandatory redemption date, the City shall: (1) deliver to the Trustee for cancellation Bonds of the same maturity in the aggregate principal amount desired; or (2) furnish to the Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Bonds of the same maturity from any owner thereof in the open market at a price not in excess of 100% of the principal amount thereof, whereupon the Trustee shall use its best efforts to expend such funds for such purposes to such extent as may be practical; or (3) elect to receive a credit in respect to the mandatory redemption obligation under this subsection for any Bonds of the same maturity which prior to such date have been redeemed (other than through the operation of the requirements of

this subsection) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under this subsection. Each Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Board to redeem Bonds of the same maturity on the next mandatory redemption date that is at least 45 days after receipt by the Trustee of such instructions from the City any excess of such amount shall be credited on future mandatory redemption obligations for Bonds of the same maturity in chronological order or such other order as the City may designate, and the principal amount of Bonds of the same maturity to be redeemed on such future mandatory redemption dates to exercise any option granted by the provisions of clauses (1), (2) or (3) of this paragraph, the City will, on or before the 45th day next preceding the applicable mandatory redemption date, furnish the Trustee an Officer's Certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, and the Bonds of the same maturity, in the case of its election pursuant to clause (1), in respect to such mandatory redemption payment.

*Election to Redeem; Notice to Trustee.* The Board shall elect to redeem Bonds subject to optional redemption upon receipt of a written direction of the City. In case of any redemption at the election of the Board, the Board shall, at least 45 days prior to the redemption date fixed by the Board (unless a shorter notice shall be satisfactory to the Trustee) give written notice to the Trustee directing the Trustee to call Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount and maturities of Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Indenture pursuant to which such Bonds are to be called for redemption.

The foregoing paragraph shall not apply in the case of any mandatory redemption of Bonds and the Trustee shall call Bonds for redemption and shall give notice of redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Board or the City whether or not the Trustee shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

*Notice of Redemption.* Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the Board by mailing a copy of an official redemption notice by first class mail, at least 30 days and not more than 60 days prior to the redemption date to each registered owner of the Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such registered owner to the Trustee.

All official notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) the principal amount of Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where the Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee or other Paying Agent.

The failure of any owner of Bonds to receive notice given as provided herein, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

For so long as DTC is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified in this Section to DTC. It is expected that DTC will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Trustee, DTC, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Selection by Trustee of Bonds to be Redeemed. Bonds may be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. If less than all Bonds are to be redeemed and paid prior to maturity pursuant to the Indenture, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 of the principal of Bonds of a denomination larger than \$5,000; provided, however, Bonds redeemed from Excess Tax Revenues shall be redeemed in inverse order of maturity.

The Trustee shall promptly notify the Board and the City in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

**Deposit of Redemption Price.** Prior to any redemption date, the Board shall deposit with the Trustee or with a Paying Agent, from moneys provided by the City, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

**Bonds Payable on Redemption Date.** Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Board shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Board at the redemption price. Installments of interest with a due date on or prior to the redemption date shall be payable to the owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Bond.

**Bonds Redeemed in Part.** Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor (with, if the Board or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Board and the Trustee duly executed by, the owner thereof or his attorney or legal representative duly authorized in writing) and the Board shall execute and the Trustee shall authenticate and deliver to the owner of such Bond, without service charge, a new Bond or Bonds of the same series and maturity of any authorized denomination or denominations as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 (or other denomination) unit or units of principal amount called for redemption (and to that extent only).

Subject to the approval of the Trustee, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such owner and, if such owner is a nominee, the Person for whom such owner is a nominee, that payment shall be so made and that such owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such owner shall present such Bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

So long as DTC is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified above to DTC. It is expected that DTC will, in turn, notify the DTC Participants and that the DTC

Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Trustee, a DTC Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

# Transfer Outside Book-Entry Only System

If the book-entry only system is discontinued, the following provisions would apply. The Bonds are transferable only upon the registration books of the Trustee upon surrender of the Bonds duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney or legal representative in a form satisfactory to the Trustee. Bonds may be exchanged for other Bonds of any denomination authorized by the Indenture in the same aggregate principal amount, series and maturity, upon presentation to the Trustee, subject to the terms, conditions and limitations set forth in the Indenture. The Trustee may make a charge for every such transfer or exchange sufficient to reimburse the Trustee for any tax or other governmental charge required to be paid with respect to any such exchange or transfer.

# **CUSIP** Numbers

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

# SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

#### General

The Bonds will be issued under and will be equally and ratably secured under the Indenture which will assign and pledge to the Trustee (1) certain rights of the Board under the Financing Agreement, including the right to receive Loan Payments and Additional Payments with respect to such Bonds thereunder, and (2) the funds and accounts, including the money and investments in them, which the Trustee holds under the terms of the Indenture.

#### **Special, Limited Obligations**

The Bonds and the interest thereon are special, limited obligations of the Board, payable solely from certain payments to be made by the City under the Financing Agreement and certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Board, and are secured under the Indenture and the Financing Agreement as described herein. All Loan Payments and Additional Payments by the City under the Financing Agreement are subject to annual appropriation by the City except CID Sales Tax Revenues which have been received from the CID.

As more fully described herein, the City's obligation to make Loan Payments under the Financing Agreement will be secured by CID Sales Tax Revenues and TIF Revenues. The CID Sales Tax Revenues are subject to annual appropriation by the CID. The TIF Revenues are subject to annual appropriation by the CID. The TIF Revenues are subject to annual appropriation by the City, and are only available on a subordinate basis. Revenues from the operation of the Events Center will not be available to the City for the payment of the Bonds.

The Bonds are not an indebtedness of City, the State of Missouri or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State of Missouri. Neither the full faith and credit nor the taxing powers of the City, the State or any other political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power.

Prospective investors should not rely upon the City's collection of TIF Revenues as a source of repayment of the Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Sales Tax Revenues to repay the Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

# The Financing Agreement

Under the Financing Agreement the City is required to make Loan Payments to the Trustee for deposit into the Debt Service Fund in amounts sufficient to pay the principal of and interest on the Bonds when due. The City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, subject to annual appropriation by the City as herein, all general fund revenues of the City. The taxing power of the City is not pledged to the payment of Loan Payments either as to principal or interest.

# **City Annual Appropriation Obligation**

The Financing Agreement contains the following provisions with respect to the City's annual appropriation obligation:

Annual Appropriation. The City intends, on or before the last day of each Fiscal Year, to budget and appropriate moneys sufficient to pay all Loan Payments and reasonably estimated Additional Payments for the next succeeding Fiscal Year. The City shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of or or before the 15<sup>th</sup> day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the City's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the commencement of the City's Fiscal Year, the Trustee shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the commencement of its Fiscal Year at the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the commencement of the City is a fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fisca

Annual Budget Request. The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each Fiscal Year in which the Financing Agreement shall be in effect, an appropriation for all payments required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under the Financing Agreement shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate funds to make Loan Payments and Additional Payments, to pay the Loan Payments and Additional Payments under the Financing Agreement. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance and Administration is directed to do all things lawfully within his or her power to obtain and maintain funds

from which the Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

Loan Payments to Constitute Current Expenses of the City. The Board and the City acknowledge and agree that the Loan Payments and Additional Payments under the Financing Agreement shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, nor shall anything contained in the Financing Agreement constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments under the Financing Agreement shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Financing Agreement nor the issuance of the Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year Loan Payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing in the Financing Agreement shall be construed to limit the rights of the owners of the Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. Failure of the City to budget and appropriate said moneys on or before the last day of any Fiscal Year shall be deemed an Event of Nonappropriation.

# **CID Sales Tax Revenues**

In the Cooperative Agreement, the CID has covenanted, subject to annual appropriation by the Board of Directors of the CID, to remit moneys it receives from the CID Sales Tax to the City. The City has covenanted under the Financing Agreement to use CID Sales Tax Revenues for payment of the Bonds. CID Sales Tax Revenues consist of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the CiD, and (vii) any costs and expenses of the District, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue. The annual amount estimated to be used for these administrative and collection functions (exclusive of collection costs of the State which are set at 1% of collections) is estimated to be approximately \$66,400.

In the Authorizing Ordinance, the City pledges the CID Sales Tax Revenues to make semiannual principal and interest payments on the Bonds. During each year, once such payments have been made, the City intends to use the CID Sales Tax Revenues for other purposes authorized under the Cooperative Agreement.

#### Subordinate Lien on Certain TIF Revenues

The City's obligation to make Loan Payments with respect to the Bonds will be secured by a subordinate lien on certain TIF Revenues, which are subject to annual appropriation by the City. The TIF Revenues are economic activity taxes equal to 50% of the CID Sales Tax collected within four existing

redevelopment areas in the City, which are commonly known as the Eastland, Hartman Heritage, Centerpoint and Trinity Redevelopment Areas, and not from any other revenues generated as a result of tax increment financing in those redevelopment areas. The City has completed amendments to the Eastland, Hartman Heritage, Centerpoint and Trinity tax increment financing plans to add the Events Center project as an eligible project cost, but to limit the funding of such costs to an amount equal to 50% of the CID Sales Tax captured as EATS, and then only on a subordinate basis as described herein during the time that other project costs and bonds issued to fund those costs remain unpaid. The City has previously pledged the revenues of the Eastland, Hartman Heritage and Centerpoint redevelopment areas to repayment of bonds issued by the Board, and may in the future request the Board to issue additional bonds payable on a parity with already outstanding Bonds. With respect to the Trinity redevelopment area, the City has previously committed TIF Revenues to payment of various project costs of the City, the developer for the Trinity project and to other taxing districts. The redevelopment agreements related to the Eastland, Hartman Heritage and Centerpoint projects also contain commitments for the payment of project costs related to these projects.

The TIF Revenues may be required to be used to pay bonds which have already been issued or may be issued in the future, or may be needed to reimburse the applicable developers, various taxing district or the City for redevelopment costs not associated with the Events Center. There is no limit on the amount of additional bonds the City may issue from such TIF Revenues. For these reasons, prospective investors should not rely upon the City's collection of TIF Revenues as a source of repayment of the Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Sales Tax Revenues to repay the Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

# **Debt Service Reserve Fund**

Pursuant to the Indenture, the Board will establish a Debt Service Reserve Fund for the Bonds. The Debt Service Reserve Fund will be fully funded at the time of the issuance of the Bonds from the proceeds of the Bonds in an amount equal to "Debt Service Reserve Requirement." The Debt Service Reserve Requirement is an amount equal to \$883,475. Moneys in the Debt Service Reserve Fund shall only be available to fund a deficiency in the Debt Service Fund with respect to the Bonds and not any Additional Bonds. Amounts in the Debt Service Reserve Fund are to be used to pay principal of and interest on the Bonds to the extent of any deficiency in the Debt Service Fund and to retire the last Outstanding Bonds.

#### The Indenture

Under the Indenture, the Board will pledge and assign to the Trustee, for the benefit of the owners of the Bonds, all of its rights under the Financing Agreement, including all Loan Payments, Additional Payments and other amounts payable under the Financing Agreement (except for certain fees, expenses and advances and any indemnity payments payable to the Board) as security for the payment of the principal of and interest on the Bonds. See "SUMMARY OF THE INDENTURE" in Appendix C hereto.

## **Additional Bonds**

The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds on a parity with the Bonds for the purposes and upon the terms and conditions provided in the related Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Board, the City; (2) the Board and the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the related Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the related Financing Agreement; and (3) the Board, the City shall have otherwise complied with the provisions of the related Financing Agreement and the related Indenture with respect to the issuance of such Additional Bonds.

The City expects that Additional Bonds will be issued as construction proceeds. See "PLAN OF FINANCING - Financing of the Events Center". The proposed Additional Bonds will be secured on a parity with the Bonds, (except with respect to the Series 2008D Account of the Debt Service Reserve Fund which shall only be pledged to secure the Bonds), and therefore will share an equal claim on the CID Sales Tax Revenues.

The sole economic test for the issuance of Additional Bonds on a parity with the Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Bonds. This means that the City may issue or cause to be issued Additional Bonds on a parity with the Bonds even if the CID Sales Tax Revenues and TIF Revenues are not sufficient to provide for the Loan Payments on such Bonds, without regard to the proposed Additional Bonds. For this reason prospective investors should not rely upon the TIF Revenues as a source of repayment of the Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Sales Tax Revenues to repay the Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

#### **BONDOWNERS' RISKS**

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

# General

The Bonds are limited obligations of the Board payable by the Board solely from payments to be made by the City pursuant to the Financing Agreement and from certain other funds held by the Trustee under the Indenture. No representation or assurance can be given that the City will realize revenues in amounts sufficient to make such payments under the Financing Agreement.

# Risk Factors Relating to the City's Obligations to Make Loan Payments

*General.* All payments by the City under the Financing Agreement are subject to annual appropriation except that CID Sales Tax Revenues which have been appropriated by the CID are not subject to annual appropriation by the City.

**Risk of Non-Appropriation.** The City's obligation to make Loan Payments under the Financing Agreement is subject to annual appropriation. Although the City has covenanted to request annually that the appropriation of the Loan Payments be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made, and the City is not legally obligated to do so.

In addition, while the City has covenanted to use the CID Sales Tax Revenues to make payments of principal and interest on the Bonds, the availability of such revenues is subject to annual appropriation by the Board of Directors of the CID.

*No Pledge, Lease or Mortgage of the Events Center or any other Facilities of the City.* Payment of the principal of and interest on the Bonds is **not** secured by any deed of trust, mortgage or other lien on the Events Center, or any other facilities or property of the City or any developer. Except as provided herein, the Bonds are payable solely from annual appropriation by the City and other money held by the Trustee.

*No Availability of Revenues from Events Center.* Revenues from the operation of the Events Center will not be available to the City for the payment of the Bonds.

# Risk Factors Relating to the Collection of CID Sales Tax and TIF Revenues

As noted herein the payment by the City of Loan Payments under the Financing Agreement is secured by a pledge of CID Sales Tax Revenues and a subordinate pledge of certain TIF Revenues.

Prospective investors should evaluate factors which could cause such the CID Sales Tax Revenues and TIF Revenues to be below the City's estimates in order to determine the capacity of the City's General Fund to provide for the Loan Payments with respect to the Bonds in the event such the CID Sales Tax Revenues and TIF Revenues are not sufficient to make such payments.

To the extent that in any year the CID Sales Tax Revenues and TIF Revenues are insufficient to repay the Bonds, the City anticipates causing the CID Sales Tax to be levied at a higher rate to make up any deficiency, provided that the maximum rate at which the CID Sales Tax can be levied is 1%. See "THE CID – CID Sales Tax" herein.

There are a variety of reasons the collection of the CID Sales Tax Revenues and TIF Revenues may not be realized as expected by the City, including but not limited to the following:

**Changes in Retail Sales Market Conditions.** The estimates of the CID Sales Tax Revenues and TIF Revenues used in the City's internal projections and in the projections contained under the caption "**THE CID** - **Projected Debt Service Coverage of the CID Sales Tax Revenues**" are based on the current status of the national and local business economy and assume a future performance of the retail sales market similar to the historical performance of such market in the Independence area. However, changes in the market conditions for the City, as well as changes in general economic conditions, could adversely effect the amount of the CID Sales Tax Revenues and TIF Revenues collected.

Sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. A decline in general economic conditions could reduce the number and value of taxable transactions and thus reduce the amount of CID Sales Tax Revenues and TIF Revenues available for repayment of the Bonds.

While certain recent economic indicators and studies suggest a decline in economic conditions may occur, it is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial activity will occur, and what impact any such changes would have on CID Sales Tax Revenues and TIF Revenues.

Competition from Development Outside the CID. Retail businesses outside of the CID which are currently existing or which are developed after the date of this Official Statement will be competitive with retail businesses in the CID and could have an adverse impact on the available amount of TIF Revenues and CID Sales Tax Revenues generated for repayment of the Bonds.

A primary example of this is the Crackerneck Creek project, which is not within the CID and includes a Bass Pro Outdoor World Store that is in excess of 150,000 square feet. An additional 300,000 square feet of retail and commercial development has been projected for completion in the Crackerneck Creek project. While only the Bass Pro Store is currently open for business and no leases or other binding commitments exist for tenants to occupy the remaining 300,000 square feet of space, and such space is not currently under construction, the existence and further development of the Crackerneck Creek project and other area development that is outside the CID could negatively impact sales within the CID.

**Risk of Damage or Destruction.** The partial or complete destruction of improvements within the CID, as a result of fire, natural disaster or similar casualty event, would adversely impact the collection of the CID Sales Tax and TIF Revenues.

**Changes in State and Local Tax Laws.** The City's internal estimates of CID Sales Tax and TIF Revenues assume no substantial change in the basis of levying and collecting sales taxes and TIF Revenues. Any change in the current system of collection and distribution of sales taxes or TIF Revenues in the County or the City, including without limitation judicial action concerning any such tax or voter initiative, referendum or action with respect to any such tax, could adversely affect the availability of revenues to pay the principal of and interest on the Bonds.

**Reduction in State and Local Tax Rates.** Any taxing district authorized to impose sales taxes or levy real property taxes on any real estate included within the CID could lower its tax rate, which would have the effect of reducing the amount of TIF Revenues that could be available to make payments on the Bonds.

# **Risk of Non-Appropriation of CID Sales Tax**

The application of CID Sales Tax and the receipt of such revenues by the City is subject to annual appropriation by the CID. Although the CID has covenanted to request annually that the appropriation of the proceeds of the CID Sales Tax be included in the budget submitted to the Board of Directors for each fiscal year, there can be no assurance that such appropriation will be made by the Board of Directors, and the Board of Directors is not legally obligated to do so.

# **Risk of Non-Appropriation of TIF Revenues**

The application of TIF Revenues in the various special allocation funds for the Eastland Center, Hartman Heritage, Centerpoint and Trinity redevelopment projects is subject to annual appropriation by the City. Although the City has covenanted to request annually that the appropriation of the TIF Revenues in the various special allocation funds be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made by the City Council, and the City Council is not legally obligated to do so.

#### **Prior Pledge of TIF Revenues**

The TIF Revenues may be required to be used to pay bonds which have already been issued or may be issued in the future, or may be needed to reimburse the applicable developers, various taxing district or the City for redevelopment costs not associated with the Events Center. There is no limit on the amount of additional bonds the City may issue from such TIF Revenues. For these reasons, prospective investors should not rely upon the City's collection of TIF Revenues as a source of repayment of the Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Sales Tax Revenues to repay the Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

#### Status of Design and Construction of Events Center

Information under the caption "THE EVENTS CENTER PROJECT" related to such things as the Events Center facility, related infrastructure, the construction schedule and overall budget for completion are preliminary estimates based on information received by the City from Global. The City has not yet formally retained an architect or construction contractor for the project.

As the City completes design and construction of the Events Center, the final facility, the schedule for completion and the cost thereof will likely differ from the information set forth herein, and such differences could be material.

If costs for completion of the Events Center increase because of construction delays, design or construction difficulties or other reasons, the amount of bonds that the City will request that the Board issues for the project will likely increase over the amounts described under the captions "THE CID - Projected Debt Service Coverage of the CID Sales Tax Revenues" and "PLAN OF FINANCING – Financing of the Events Center." Such bonds would be Additional Bonds that would have a lien on the CID Sales Tax Revenues and the TIF Revenues equal to the lien of the Bonds. See "Proposed Additional Bonds" below.

#### **Proposed Additional Bonds**

The sole economic test for the issuance of Additional Bonds on a parity with the Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Bonds. This means that the City may issue or cause to be issued Additional Bonds on a parity with such Bonds even if the CID Sales Tax Revenues and TIF Revenues are not sufficient to provide for the Loan Payments relating to such Bonds, without regard to the proposed Additional Bonds. The City expects to cause Additional Bonds to be issued as described above under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Additional Bonds."

The City anticipates issuing two series of Additional Bonds subsequent to the Bonds in order to finance costs of completing the Events Center. The Additional Bonds will be issued as funds are needed for design, construction and equipping of the Events Center. The City is pursuing this financing plan to reduce interest costs. If interest rates increase beyond current projections prior to the time when such Additional Bonds are issued, debt service costs associated with the Additional Bonds will also increase and will result in lower debt service coverage from amounts available to the City from the CID Sales Tax. Debt service on the Bonds and Additional Bonds has been calculated based on an assumed True Interest Cost (TIC) of 5.666%. See "THE CID - Projected Debt Service Coverage of the CID Sales Tax Revenues."

#### Loss of Premium Upon Early Redemption

Purchasers of the those maturities of the Bonds sold at a price in excess of their principal amount should consider the fact that the Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See "THE BONDS – Redemption."

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

The U.S. Supreme Court agreed on May 21, 2007, to review a Kentucky decision in which the Kentucky state court held that a Kentucky statute that exempts interest on municipal bonds from state income taxes only if the bonds are issued in Kentucky is unconstitutional under the U.S. Constitution. The state court concluded that the exemption for Kentucky bonds violated the Commerce Clause in the U.S. Constitution, as the state statute did not extend to interest paid on bonds issued in other states.

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

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

#### No Additional Interest or Mandatory Redemption upon Missouri Taxability

The Indenture does not provide for the payment of any additional interest or penalty on the Bonds if the interest thereon becomes includable in gross income for Missouri income tax purposes.

#### **Determination of Taxability**

The interest rates on the Bonds are not subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond is or was includible in the gross income of the owner of a Bond for federal income tax purposes. Such determination may, however, result in a breach of the Board's tax covenants set forth in the Indenture which may constitute an event of default under such Indenture. It may be that Bondowners would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.

# **Enforcement of Remedies**

The enforcement of the remedies the Indenture and the Financing Agreement may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the 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.

# **Amendment of Indenture**

Certain amendments to the Indenture and the Financing Agreement may be made without the consent of or notice to the registered owners of the Bonds. Such amendments may adversely affect the security for the Bonds.

# LITIGATION

# The Board

There is not now pending or, to the knowledge of the Board, threatened any litigation against the Board seeking to restrain or enjoin the issuance or delivery of the Bonds, or questioning or affecting the validity of the Bonds or the proceedings of the Board under which they are to be issued, or which in any manner questions the right of the Board to enter into the Indenture or the Financing Agreement or to secure the Bonds in the manner provided in the Indenture or the Act.

# The City

There is not now pending or, to the knowledge of the City, threatened any litigation against the City seeking to restrain or enjoin the issuance or delivery of the Bonds by the Board, or questioning or affecting the validity of the Bonds or the proceedings of the Board under which they are to be issued, or which in any manner questions the right of the Board's right to enter into the Indenture or the Financing Agreement or to secure the Bonds in the manner provided in the Indenture, the Act or the City's right to enter into the Financing Agreement. See "TAX INCREMENT FINANCING IN MISSOURI - TIF Act Legal Challenge" for a description of certain litigation that could impact the Bonds.

# **LEGAL MATTERS**

Certain legal matters incident to the authorization and issuance of the Bonds by the Board are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the Board by its counsel, Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed upon for the CID by its counsel, Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters relating to the Official Statement will be passed upon for the City the CID and the Underwriter by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed upon for the City by its counsel, Allen Garner, City Counselor.

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

# **TAX MATTERS**

# **Opinion of Bond Counsel**

*Federal Income Tax Exemption.* In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes. 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 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 Board and the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Board and the City have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

**Original Issue Discount.** In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Bond purchased in the original offering at a price less than the principal amount thereof, to the extent properly allocable to each owner of such Bond, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Bond over its initial offering price to the public (excluding

underwriters and intermediaries) at which price a substantial amount of the Bonds were sold. 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 during any accrual period generally equals (i) the issue price of such Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such 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 (iii) any interest payable on such Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Bond. Owners of any Bonds purchased at an original issue discount for federal income tax purposes and the state and local tax consequences of owning such Bonds.

**Original Issue Premium.** An amount equal to the excess of the purchase price of a Bond over its stated principal amount at maturity constitutes premium on such Bond. An owner of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the Bond's yield to maturity. As premium is amortized, the owner's basis in such Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such owner. This 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 such Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Owners of any Bonds purchased at a premium, whether at the time of initial issuance or subsequent thereto, should consult their individual tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

*Missouri Income Tax Exemption.* The interest on the Bonds is exempt from income taxation by the State of Missouri.

No Other Opinions. Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

# **Other 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.

#### RATING

Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., has given the Bonds the rating shown on the cover page of this Official Statement. Such rating reflects only the view of Standard & Poor's, and any further explanation of the significance of such rating may be obtained only from the rating agency. The rating does not constitute a recommendation by the rating agency to buy, sell or hold any bonds, including the Bonds. There is no assurance that any rating when assigned to the Bonds will continue for

any period of time or that it will not be revised or withdrawn. A revision or withdrawal of the rating when assigned to the Bonds may have an adverse affect on the market price of the Bonds.

#### FINANCIAL STATEMENTS

Audited, financial statements of the City for the fiscal year ended June 30, 2007 excerpted from the City's Comprehensive Annual Financial Report and an unaudited Financial and Operating Report for the period ended January 31, 2008 are included in **Appendix B** to this Official Statement. These financial statements for the fiscal year ended June 30, 2007 have been audited by Cochran, Head & Co., P.C., independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto. The unaudited Financial and Operating report has been prepared by the City.

# CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Agreement with respect to ongoing disclosure which will constitute the written understanding for the benefit of the owners of the Bonds required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. A summary of the Continuing Disclosure Agreement is included in Appendix C.

# UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds pursuant to a bond purchase agreement entered into by and among the Board, the City and the Underwriter. The bond purchase agreement provides that the Underwriter will purchase the Bonds at a purchase price of \$11,997,920.75 (which represents the principal amount of the Bonds less an underwriter's discount of \$184,875.00 and less a net original discount of \$142,204.25) plus accrued interest. In addition, the bond purchase agreement provides, among other things, that the Underwriter will purchase all of the Bonds, if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The City has agreed in the bond purchase agreement to indemnify the Underwriter against certain liabilities. The obligations of the Underwriter to accept delivery of the Bonds are subject to various conditions contained in the bond purchase agreement.

#### MISCELLANEOUS

The references herein to the Act, the Indenture, the Financing Agreement and the Continuing Disclosure Agreement are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Act, the Indenture, the Financing Agreement and the Continuing Disclosure Agreement. Copies of such documents are on file at the offices of the Underwriter and following delivery of the Bonds will be on file at the office of the Trustee.

The agreement of the Board with the owners of the Bonds is fully set forth in the Indenture, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. Statements made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The Cover Page hereof and the Appendices hereto are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The execution and delivery of this Official Statement has been duly authorized by the City, and its use has been approved by the Board.

# CITY OF INDEPENDENCE, MISSOURI

By: Robert Heacock

City Manager

# APPENDIX A

# INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI

# APPENDIX A

# INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI

# TABLE OF CONTENTS

Page A-

| THE CITY                                      | 1  |
|---|----|
| General Information                           |    |
| Employee Retirement System                    |    |
| Insurance                                     | 1  |
| Payment Record                                | 2  |
| ECONOMIC INFORMATION CONCERNING THE CITY      | 2  |
| Commerce and Industry                         | 2  |
| General and Demographic Information           | 3  |
| Income Statistics                             |    |
| Housing Structures                            | 4  |
| Building Construction                         | 5  |
| FINANCIAL INFORMATION CONCERNING THE CITY     | 5  |
| Accounting, Budgeting and Auditing Procedures | 5  |
| Tax Revenues                                  | 6  |
| Property Valuations                           | 6  |
| Obligations of the City                       | 8  |
| Capital Leases                                | 5. |
| Overlapping or Underlying Indebtedness Debt 1 |    |

# THE CITY

#### **General Information**

Incorporated in 1849, the City is the county seat of Jackson County and adjoins Kansas City, Missouri to the west. The City is the fourth largest City in Missouri.

The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the voters in October 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms.

The present Mayor and members of the Council, their occupations and terms are listed below:

| <b>Councilmembers</b> | <b>Occupation</b> | <b>District</b> | Expiration of Term |
|-----------------------|-------------------|-----------------|--------------------|
| Don B. Reimal, Mayor  | Retired           | n/a             | 2010               |
| Marcie Gragg          | Church leader     | District 1      | 2008               |
| Will Swoffer          | Retired           | District 2      | 2008               |
| Renee Paluka          | Commodity buyer   | District 3      | 2008               |
| Jim Page              | Retired           | District 4      | 2008               |
| Jim Schultz           | Insurance agent   | At-Large        | 2010               |
| Lucy Young            | Secretary         | At-Large        | 2010               |

The City Council appoints a City Manager who is the chief executive and administrative officer of the City. Robert Heacock is the City Manager. The Director of Finance, who is appointed by the City Manager, acts as the chief financial officer of the City. This position is currently held by James C. Harlow, appointed in February 1984. The City Manager appoints the City Counselor who acts as the chief legal advisor to the City. Allen Garner has served as City Counselor since May 2003.

Historically, the character of the City has been viewed as predominantly residential. In recent years industrial and commercial expansion in the City has accompanied the growth in population. The City has several industrial sites which have been set aside to assure orderly development in light of anticipated increases in industrial activity.

# **Employee Retirement System**

The City participates in the Missouri Local Government Employees Retirement System (LAGERS) which is a statewide multi-employer retirement system and covers all City employees. The City makes all required contributions to this plan. The total pension expense for the years ended June 30, 2006 and 2007 was \$5,432,144 and \$5,763,388, respectively.

#### Insurance

The City self-insures for workers' compensation claims up to \$1,000,000 per accident and purchases excess worker's compensation insurance coverage from ACE American Insurance Company for claims exceeding the \$1,000,000 retention limit per accident.

The City purchases all-risk property insurance from Hartford Steam Boiler Insurance Company, Associated Electric and Gas Insurance Services and Zurich American Insurance Company that provides coverage for all real and personal property owned by the City. The replacement cost property insurance policy

has a blanket loss limit of \$200 million. Risks covered include property damage, flood, debris removal, ordinance/laws coverage, property in transit, earthquake, extra expense, pollution clean-up, and expediting repairs. The all-risk property insurance coverage is subject to a \$50,000 per occurrence deductible, except for a \$1,000,000 per occurrence deductible at the Blue Valley and Missouri City Power Stations and all other power-generating facilities.

The City purchases replacement cost boiler and machinery insurance coverage from Hartford Steam Boiler, Liberty International Insurance Company, and Zurich American that provides for \$75 million in coverage per occurrence. Boiler and machinery insurance provides coverage for sudden breakdown of insured equipment and it also provides coverage for expediting expenses, ammonia contamination, water damage and hazardous material clean-up. The boiler and machinery insurance coverage is subject to a \$50,000 per occurrence deductible, a \$2,000,000 per occurrence deductible for electrical injury and various deductibles for power generating facilities.

The City purchases general liability, public officials' liability, and third party automobile liability insurance coverage from the Missouri Public Entity Risk Management Fund (MOPERM). The MOPERM policies provide coverage in the amount equal to the Missouri statutory sovereign immunity waiver (which is adjusted in each year based on a published index), subject to a \$25,000 general liability deductible, a \$25,000 public officials deductible and a \$100,000 deductible for third party automobile liability. The City self-insures its fleet of vehicles for collision and comprehensive coverages, other than Fire Department apparatus for which separate insurance is purchased with a deductible of \$3,000.

The City purchases excess liability insurance coverage from Clarendon American Insurance Company. This policy provides an additional \$5 million in liability insurance above the insurance coverage provided by MOPERM for claims that are not subject to the State's Sovereign Immunity Statute.

#### **Payment Record**

The City has never defaulted on any financial obligations.

# ECONOMIC INFORMATION CONCERNING THE CITY

### **Commerce and Industry**

Some major employers in Independence, Missouri, include:

|                             | Number of   |
|-----------------------------|---|
| Product/Service             | <b>Employees</b>  |
| Small Arms Ammunition       | 2,250   |
| Education                   | 1,800   |
| Government                  | 1,176   |
| Medical Care                | 1,035   |
| Medical Care                | 565   |
| Medical Ins. Service Center | 550   |
| Retirement Community        | 400   |
| Paper carton manufacturing  | 350   |
| Food manufacturing          | 330   |
| Government                  | 274   |
|                             | Small Arms Ammunition<br>Education<br>Government<br>Medical Care<br>Medical Care<br>Medical Ins. Service Center<br>Retirement Community<br>Paper carton manufacturing<br>Food manufacturing |

Source: City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

# **General and Demographic Information**

The following tables set forth certain population information.

|                      | <u>1980</u> | <u>1990</u> | <u>2000</u> | <b>2007*</b> |
|----------------------|-------------|-------------|-------------|--------------|
| City of Independence | 111,797     | 112,301     | 113,867     | 116,359      |
| Jackson County       | 629,266     | 633,232     | 654,880     | 664,655      |
| State of Missouri    | 4,916,776   | 5,1 16,901  | 5,595,211   | 5,870,906    |

.

\*Estimated

Source: City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

# **Population Distribution by Age**

|              | City of<br><u>Independence</u> | Jackson<br><u>County</u> | State of<br><u>Missouri</u> |
|--------------|--------------------------------|--------------------------|-----------------------------|
| Under 0-4    | 6.7%                           | 7.47%                    | 6.41%                       |
| 5-9 years    | 6.45                           | 6.82                     | 6.28                        |
| 10-14 years  | 6.20                           | 6.68                     | 6.57                        |
| 15-20 years  | 7.34                           | 7.98                     | 8.73                        |
| 21-24 years  | 4.66                           | 4.94                     | 5.63                        |
| 25-34 years  | 12.56                          | 13.32                    | 13.06                       |
| 35-44 years  | 13.80                          | 14.70                    | 13.93                       |
| 45-54 years  | 14.80                          | 14.84                    | 14.70                       |
| 55-59 years  | 6.42                           | 6.06                     | 6.12                        |
| 60-64 years  | 5.41                           | 4.73                     | 4.95                        |
| 65-74 years  | 7.77                           | 6.36                     | 7.04                        |
| 75-84 years  | 5.52                           | 4.33                     | 4.69                        |
| 85 and older | 2.10                           | 1.77                     | 1.89                        |
| Median Age   | 39.22                          | 36.90                    | 37.39                       |
| Average Age  | 39.29                          | 37.31                    | 38.11                       |

Source: City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

The following table sets forth unemployment figures for the last five years for the Kansas City MSA, Jackson County and the State of Missouri. These data are considered provisional and may be subject to change.

|                        | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007*</u> |
|------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <u>Kansas City MSA</u> |             |             |             |             |             |              |
| Total Labor Force      | 1,004,687   | 1,014,420   | 1,022,639   | 1,028,952   | 1,037,609   | 1,046,378    |
| Unemployed             | 55,044      | 60,872      | 62,260      | 971,136     | 52,360      | 52,609       |
| Unemployment Rate      | 5.5%        | 6.0%        | 6.1%        | 5.6%        | 5.0%        | 5.0%         |
| Jackson County         |             |             |             |             |             |              |
| Total Labor Force      | 346,530     | 343,334     | 342,197     | 339,990     | 341,598     | 344,211      |
| Unemployed             | 20,271      | 21,989      | 23,385      | 21,235      | 19,248      | 19,106       |
| Unemployment Rate      | 5.8%        | 6.4%        | 6.8%        | 6.2%        | 5.6%        | 5.5%         |
| State of Missouri      |             |             |             |             |             |              |
| Total Labor Force      | 2,985,932   | 2,986,047   | 2,993,978   | 3,008,146   | 3,032,434   | 3,058,815    |
| Unemployed             | 155,947     | 166,112     | 172,176     | 160,388     | 146,577     | 152,268      |
| Unemployment Rate      | 5.2%        | 5.6%        | 5.8%        | 5.3%        | 4.8%        | 5.0%         |

\*Average from January through September, 2007 Source: MERIC

# **Income Statistics**

The following table sets forth income figures from the 2000 census and an estimate for 2007.

|                      | Per         | <u>Capita</u> | Median Household |          |  |
|----------------------|-------------|---------------|------------------|----------|--|
|                      | <u>2000</u> | 2007          | 2000             | 2007     |  |
| City of Independence | \$19,384    | \$22,784      | \$45,876         | \$43,747 |  |
| Jackson County       | 20,788      | 24,500        | 48,435           | 45,842   |  |
| State of Missouri    | 19,936      | 23,707        | 37,934           | 45,077   |  |

Source: U.S. Census Bureau and Claritas, Inc. and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

# **Housing Structures**

The following table sets forth statistics regarding housing structures by type in the City for 2007.

|                 | Number of    | Percentage      |
|-----------------|--------------|-----------------|
| Housing type    | <u>Units</u> | <u>of Units</u> |
| Single Detached | 35,669       | 70.84%          |
| Single Attached | 1,764        | 3.50            |
| Double          | 2,208        | 4.39            |
| 3 to 19 Unites  | 6,604        | 13.12           |
| 20 to 49 Units  | 1,019        | 2.02            |
| 50 + Units      | 1,553        | 3.08            |
| Mobile Home     | 1,506        | 2.99            |
| All Other       | 27           | <u>0.05</u>     |
| Total Units     | 50,350       | 100.00%         |

Source: Claritas, Inc. and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

The median value of owner occupied housing units in the area of the City and related areas was, according to the 2000 census and an estimate for 2006 by Claritas, Inc., as follows:

|                   | Media       | an Value    |
|-------------------|-------------|-------------|
|                   | <u>2000</u> | <u>2006</u> |
| City              | \$77,000    | \$103,786   |
| Jackson County    | 85,000      | 120,603     |
| State of Missouri | 89,900      | 125,481     |

Source: U.S. Census Bureau and Claritas, Inc. and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

# **Building Construction**

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City over a five-year period. These numbers reflect permits issued either for new construction or for major renovation.

|                   | <u>2002</u>  | <u>2003</u>  | <u>2004</u>  | <u>2005</u>  | 2006         |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| Residential       |              |              |              |              |              |
| Number of Permits | 744          | 657          | 737          | 567          | 434          |
| Estimated Cost    | \$51,015,505 | \$47,280,932 | \$66,838,976 | \$40,861,800 | \$27,365,631 |
| Non-Residential   |              |              |              |              |              |
| Number of Permits | 204          | 186          | 188          | 150          | 180          |
| Estimated Cost    | \$78,904,822 | \$50,594,507 | \$32,069,290 | \$52,568,560 | \$74,867,315 |

Source: City's Community Development Department City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

# FINANCIAL INFORMATION CONCERNING THE CITY

# Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with generally accepted accounting principles. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. The City has implemented the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*.

An annual budget is prepared under the direction of the City Manager and submitted to the City Council for consideration prior to the fiscal year commencing on July 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Manager is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending June 30, 2007 was performed by Cochran, Head & Co., P.C., Kansas City, Missouri. Copies of the audit reports for the past 5 years are on file in the City Manager's Office and are available for review.

# **Tax Revenues**

The following table shows General Governmental Tax Revenues by Source received by the City including General, Special Revenue and TIF funds for the last ten years.

.

|             |              | Real<br>Estate | Railroad<br>Utilities | Cigarette  | Transient<br>Guest |                  | Franchise   | In Lieu of   |
|-------------|--------------|----------------|-----------------------|------------|--------------------|------------------|-------------|--------------|
| <u>Year</u> | <u>Total</u> | <u>Tax</u>     | <u>Tax</u>            | <u>Tax</u> | <u>Tax</u>         | <u>Sales Tax</u> | <u>Tax</u>  | Taxes        |
| 1996        | \$31,417,798 | \$4,974,581    | \$56,733              | \$513,102  | \$ 366,246         | \$12,497,734     | \$5,525,140 | \$ 7,484,262 |
| 1997        | 33,392,131   | 6,063,867      | 60,981                | 472,758    | 396,654            | 12,609,492       | 6,246,845   | 7,541,534    |
| 1998        | 36,672,503   | 6,388,695      | 55,405                | 600,206    | 419,719            | 15,500,936       | 5,711,768   | 7,995,774    |
| 1999        | 40,251,255   | 6,747,561      | 39,291                | 579,968    | 424,286            | 18,479,114       | 5,662,192   | 8,318,843    |
| 2000        | 46,629,545   | 7,157,444      | 38,824                | 634,169    | 432,564            | 24,240,691       | 5,695,790   | 8,430,063    |
| 2001        | 53,226,616   | 7,639,179      | 39,169                | 595,259    | 443,670            | 27,997,519       | 7,004,453   | 9,507,367    |
| 2002        | 54,521,441   | 7,251,844      | 45,912                | 594,665    | 471,450            | 30,800,658       | 6,545,093   | 8,811,819    |
| 2003        | 56,496,560   | 8,155,079      | 45,144                | 583,785    | 680,605            | 30,926,980       | 6,718,262   | 9,386,705    |
| 2004        | 58,836,592   | 8,876,875      | 38,401                | 622,835    | 859,643            | 31,484,590       | 7,241,436   | 9,712,812    |
| 2005*       | 57,539,568   | 6,523,970      | 40,720                | 604,872    | 887,450            | 31,802,883       | 7,500,356   | 10,179,317   |
| 2006*       | 64,920,638   | 6,865,462      | 29,861                | 596,603    | 1,000,809          | 36,157,440       | 7,645,602   | 12,624,861   |
| 2007*       | 65,969,879   | 6,952,380      | 39,502                | 567,039    | 1,020,663          | 36,141,098       | 8,209,734   | 13,039,463   |

\* Change in presentation from years prior to the 2005 fiscal year. Does not include component unit/Tax Increment Financing as in prior years.

# **Property Valuations**

#### Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

| Residential real property            | 19% |
|--------------------------------------|-----|
| Agricultural and horticultural       |     |
| real property                        | 12% |
| Utility, industrial, commercial,     |     |
| railroad and all other real property | 32% |

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

#### Current Assessed Valuation:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the assessment of January 1, 2007 (the last completed assessment):

|                        | Assessed<br><u>Valuation*</u> | Assessment<br><u>Rate</u> | Actual<br><u>Valuation</u> |
|------------------------|-------------------------------|---------------------------|----------------------------|
| Real Estate:           |                               |                           |                            |
| Residential            | \$826,183,410                 | 19%                       | \$4,348,333,737            |
| Commercial             | 289,266,376                   | 32%                       | 903,957,425                |
| Agricultural           | <u>1,077,386</u>              | 12%                       | <u>8,978,217</u>           |
| Real Estate Sub-Total  | \$1,116,527,172               |                           | \$5,261,269,379            |
| Railroad and Utilities | 5,828,914                     | 32%                       | 18,215,356                 |
| Personal Property      | <u>278,254,929</u>            | 33.3%                     | <u>835,600,387</u>         |
| Total                  | \$1,400,611,015               |                           | \$6,115,085,122            |

\* Assumes all personal property is assessed at 33-1/3%; because certain subclasses of tangible personal property are assessed at less than 33-1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

#### History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

|      | Assessed         | Percent       |
|------|------------------|---------------|
| Year | <u>Valuation</u> | <u>Change</u> |
| 2007 | \$1,400,611,015  | 6.1%          |
| 2006 | 1,319,902,510    | 2.0           |
| 2005 | 1,294,345,907    | 8.1           |
| 2004 | 1,197,742,533    | 2.3           |
| 2003 | 1,170,802,608    | 8.6           |
| 2002 | 1,078,098,132    | 3.4           |
| 2001 | 1,042,786,467    | 5.7           |
| 2000 | 986,146,535      | 8.0           |

Source: Jackson and Clay Counties Assessor's Office and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

#### Major Property Taxpayers:

The following table sets forth the ten largest real property taxpayers in the City based upon assessed valuation as of January 1, 2006.

|                                |                   | Local Assessed   | Percentage of Total Local |
|--------------------------------|-------------------|------------------|---------------------------|
| <u>Name of Taxpayer</u>        | Туре              | Valuation        | Assessed Valuation        |
| Simon Property Group LP        | Retail Center     | \$19,238,350     | 1.51%                     |
| DDR MDT Independence Commons   | Retail Center     | 9,611,830        | 0.75                      |
| Geospace                       | Warehouse         | 8,846,690        | 0.69                      |
| Sprint Spectrum                | Communications    | 5,607,925        | 0.44                      |
| Bradley Operating LTC PTP      | Retail Center     | 5,499,410        | 0.43                      |
| Burd & Fletcher                | Paper Cartons     | 5,157,954        | 0.41                      |
| Noland Fashion Square Partners | Retail Center     | 5,103,999        | 0.40                      |
| Unilever Bestfoods NA          | Food Manufacturer | 4,751,475        | 0.37                      |
| Southern Union Company         | Utility           | 4,257,589        | 0.33                      |
| Mansion Apartments LLC         | Apartment Rental  | <u>3,321,200</u> | <u>0.26</u>               |
| Total                          |                   | \$71,396,422     | 5.59%                     |

Source: Jackson County Collection Department and City's Continuing Disclosure Statement, Fiscal Year Ending 6-30-2007

#### **Obligations of the City**

#### General Obligation Debt

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "City purposes" not to exceed 10% of the assessed value of taxable tangible property. The State Constitution also permits a city, by vote of two-thirds of the voting electorate under a special election or four-sevenths under a general election, to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property. The additional indebtedness is allowed for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric or other light and plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property.

The City had no General Obligation debt outstanding as of April 1, 2007. However, as of that date the City did have the following Neighborhood Improvement District bonds outstanding:

(i) \$99,000 of its Neighborhood Improvement District Bonds (Fall Drive Sanitary Sewer Project) Series 2004B, issued in the original principal amount of \$111,000, and

(ii) \$825,000 of its Neighborhood Improvement District Bonds (Noland Road and Englewood Projects) Series 2004, issued in the original principal amount of \$995,000.

Neighborhood Improvement District bonds are payable from special assessments on certain real property within the district. If not so paid, such bonds are then payable from any reserve fund established for the bonds and then, pursuant to a full faith and credit pledge of the City, from any available funds. However, the City is not authorized nor obligated to levy taxes for the repayment of such bonds. Such bonds do count against the constitutional general obligation bond limitations described above.

*Revenue Debt.* The following is a summary of the City's Revenue Bond debt:

|  | Balance Payable |
|--|-----------------|
| Power and Light Fund:  |                 |
| \$23,520,000 Electric Utility Refunding Revenue Bonds, Series 1998, due in annual installments of \$700,000 to \$2,040,000 through June 1, 2014, interest at 4.00% to 4.8% ( $$12,490,000$ ), less Deferred Loss on Refunding of \$1,560,444 (as of 03/01/2008)  | \$10,929,556    |
| \$5,975,000 Electric Utility Refunding Revenue Bonds, Series 2003, due in annual installments of \$435,000 to \$660,000 through June 1, 2014, interest at 2.0% to 3.65% (\$4,035,000). less Deferred Loss on Refunding \$853,377 (as of 03/01/2008)  | \$3,180,623     |
| Water Fund:  |                 |
| \$36,000,000 Water Utility Revenue Bonds, Series 1986, principal due in annual installments of \$850,000 to \$5,010,000 through November 1, 2016, interest at approximately 3.25% to 5% (as of 03/01/2008)   | \$25,085,000    |
| \$14,785,000 Missouri Development Finance Board ("MDFB" or the "Board")<br>Infrastructure Facilities Revenue Bonds, Series 2004, principal due in annual<br>installments of \$100,000 to \$1,105,000 through November 1, 2024, interest at<br>approximately 1.80% to 5.00% (as of 03/01/2008)  | \$13,265,000    |
| Bonds Secured by the City's Annual Appropriation Powers  |                 |
| On June 16, 1999, at the request of the City, MDFB issued $$7,240,000$ Infrastructure Facilities Revenue Bonds, Series 1999A, due in annual installments of $$270,000$ to $$835,000$ through June 1, 2011 and bearing interest rate at 4.00% to 5.25%. The proceeds of the bonds were loaned by MDFB to the City and are to be used for reimbursement of redevelopment costs related to the Bolger Square project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City, which loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such tax revenues, from the City's general fund, subject to annual appropriation. (as of $03/01/2008$ ) | \$2,420,000     |
| On June 28, 2000, at the request of the City, MDFB issued \$530,000 Infrastructure Facilities Revenue Bonds, Series 2000A, due in annual installments of \$40,000 to \$65,000 through June 1, 2010 and bearing interest at rates ranging from 5.00% to 6.25%. The proceeds of the bonds were loaned by MDFB to the City and are to be used to pay for various capital improvement projects in buildings owned by the City. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)   | \$190,000       |

On August 22, 2001, at the request of the City, MDFB issued \$1,635,000 \$610.000 Infrastructure Facilities Revenue Bonds, Series 2001, due in annual installments of \$160,000 to \$215,000 through June 1, 2010 and bearing interest at rates ranging from 4.20% to 4.40%. The proceeds of the bonds were loaned by MDFB to the City and used to pay for various capital improvement to City buildings and to provide the City with additional capitalized interest in the amount of \$500,000 which was used to pay a portion of the City's loan payment to the Board in connection with the Hartman Heritage Center redevelopment project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008) On September 25, 2003, at the request of the City, MDFB issued \$8,715,000

Infrastructure Facilities Revenue Bonds, Series 2003, due in annual installments of \$135,000 to \$455,000 through April 1, 2021 and bearing interest at rates ranging from 2.00% to 5.00%. The proceeds of the bonds were loaned by MDFB to the City and are to be used for reimbursement of redevelopment costs related to Hartman Heritage Phase II project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City, which loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such tax revenues, from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 26, 2004, at the request of the City, MDFB issued \$1,245,000 Infrastructure Facilities Revenue Bonds, Series 2004, due in annual installments of \$230,000 to \$270,000 through June 1, 2009 and bearing interest at the rates ranging from 2.25% to 4.25% The proceeds of the bonds were loaned by MDFB to the City to refund a prior series of bonds issued by MDFB in 2001 to pay for various capital improvement to the Truman Memorial Building. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

On December 1, 2004, at the request of the City, MDFB issued \$6,175,000 Infrastructure Facilities Revenue Bonds, Series 2004, due in annual installments of \$300,000 to \$450,000 through April 1, 2013 and bearing interest at the rates ranging from 3.00% to 5.00% The proceeds of the bonds were loaned by MDFB to the City to construct a new aquatics center. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

On March 9, 2005, at the request of the City, MDFB issued \$8,225,000 Infrastructure Facilities Revenue Bonds, Series 2005A, due in annual installments of \$670,000 to \$1,010,000 through April 1, 2015 and bearing interest at the rates ranging from 4.00% to 5.25% The proceeds of the bonds were loaned by MDFB to the City to construct public safety projects. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by

\$8,205,000

\$530,000

\$4,485,000

\$6,860,000

an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

On March 9, 2005, at the request of the City, MDFB issued \$1,030,000 Infrastructure \$925,000 Facilities Revenue Bonds, Series 2005B, due in annual installments of \$50,000 to \$90,000 through April 1, 2020 and bearing interest at the rates ranging from 3.00% to 4.50% The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to the Drumm Farm project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On March 9, 2005, at the request of the City, MDFB issued \$11,325,000 Infrastructure Facilities Revenue Bonds, Series 2005C, due in annual installments of \$185,000 to \$1,270,000 through April 1, 2026 and bearing interest at the rates ranging from 4.00% to 5.25% The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to Crackerneck Creek project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 26, 2005, at the request of the City, MDFB issued \$4,970,000 Infrastructure Facilities Revenue Bonds, Series 2005, due in annual installments of \$595,000 to \$665,000 through April 1, 2009 and bearing interest at the rates ranging from 3.25% to 4.0% The proceeds of the bonds were loaned by MDFB to the City to be used for various street projects. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

On March 30, 2006, at the request of the City, MDFB issued \$34,340,000 Infrastructure Facilities Revenue Bonds, Series 2006A, due in annual installments of \$340,000 to \$3,775,000 through April 1, 2024 and bearing interest at rates ranging from 5.30% to 6.00%. The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to Crackerneck Creek project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of lease payments to be made by Bass Pro Shops Outdoor World and by a subordinate pledge of certain tax increment revenues, and if not paid from such payments and revenues, from the City's general fund, subject to annual appropriation. (as of 03/01/2008).

On March 30, 2006, at the request of the City, MDFB issued \$14,030,000 Infrastructure Facilities Revenue Bonds, Series 2006B, due in annual installments of \$1,340,000 to \$8,225,000 through April 1, 2026 and bearing interest at the rate of 5.79%. The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to Crackerneck Creek project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of lease payments to be made by Bass Pro Shops Outdoor World and by a subordinate pledge of certain tax increment revenues, and if not paid from such payments and revenues, from the City's general fund, subject to annual appropriation. (as of 03/01/2008).

On March 30, 2006, at the request of the City, MDFB issued \$12,790,000 Infrastructure Facilities Revenue Bonds, Series 2006C, due in annual installments of \$3,500,000 to \$5,385,000 through April 1, 2028 and bearing interest at the rate of 5.00%. The proceeds of the bonds were loaned by MDFB to the City to be used for reimbursement of redevelopment costs related to Crackerneck Creek project. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues and a subordinate lien on lease payments to be made by Bass Pro Shops Outdoor World, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 17, 2006, at the request of the City, MDFB issued \$1,590,000 Infrastructure Facilities Revenue Bonds, Series 2006, due in annual installments of \$70,000 to \$170,000 through April 1, 2020 and bearing interest at the rates ranging from 4.00% to 4.625% The proceeds of the bonds were loaned by MDFB to the City to be used to reimburse the City for a portion of the cost of the public improvements for the Drumm Farm development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On December 12, 2006, at the request of the City, MDFB issued \$5,485,000 Infrastructure Facilities Revenue Bonds, Series 2006D, due in annual installments of \$1,010,000 to \$1,190,000 through April 1, 2013 and bearing interest at the rate of 4.25% The proceeds of the bonds were loaned by MDFB to the City to be used to pay the costs of the Parks Facilities Project, consisting of construction of the Independence Athletic Complex and Community Park. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008) \$12,790,000

\$1,520,000

\$5,485,000

\$2,770,000

On December 12, 2006, at the request of the City, MDFB issued \$2,770,000 Infrastructure Facilities Revenue Bonds, Series 2006E, due on April 1, 2009 and bears interest at the rate of 4.25% The proceeds of the bonds were loaned by MDFB to the City to be used to pay the costs of street improvements. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by an annual appropriation pledge of the City's general fund. (as of 03/01/2008)

On December 12, 2006, at the request of the City, MDFB issued \$4,980,000 Infrastructure Facilities Revenue Bonds, Series 2006F, due in annual installments of \$120,000 to \$445,000 through April 1, 2028 and bearing interest at the rates ranging from 4.00% to 4.25% The proceeds of the bonds were loaned by MDFB to the City to be used to fund the Public Safety Facility, the Building Rehabilitation Fund and the Public Road Improvements and to fund Developer Reimbursable Project Costs. These bonds are payable solely from, and secured by tax increment revenues, a portion of Payment in Lieu of Taxes, are not subject to annual appropriation. (as of 03/01/2008)

On May 30, 2007, at the request of the City, MDFB issued \$19,390,000 Infrastructure Facilities Revenue Bonds, Series 2007A, due in annual installments of \$860,000 to \$2,570,000 through April 1, 2022 and bearing interest at rates ranging from 4.00% to 5.00% The proceeds of the bonds were loaned by MDFB to the City to be used for the refinancing of costs of the Eastland development through the refunding of four prior series of bonds of MDFB, the proceeds of which were loaned to the City to pay such development costs. As with the bonds that were refunded, these bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 30, 2007, at the request of the City, MDFB issued \$10,330,000 Infrastructure Facilities Revenue Bonds, Series 2007B, due in annual installments of \$555,000 to \$1 ,060,000 through April 1, 2020 and bearing interest at the rates ranging from 4.00% to 5.00% The proceeds of the bonds were loaned by MDFB to the City to be used for the refinancing of costs of the Hartman Heritage development through the refunding of a prior series of bonds of MDFB, the proceeds of which were loaned to the City to pay such development costs. As with the bonds that were refunded, these bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 30, 2007, at the request of the City, MDFB issued \$10,060,000 Taxable \$10,060,000 Infrastructure Facilities Revenue Bonds, Series 2007C, due in annual installments of \$385,000 to \$1,795,000 through April 1, 2023 and bearing interest at rates ranging from 5.410% to 6.096% The proceeds of the bonds were loaned by MDFB to the City to be used for the refinancing of costs of the Santa Fe development through the refunding of a prior series of bonds of MDFB, the proceeds of which were

\$4,980,000

19,390,000

\$10,330,000

\$10,060,000

loaned to the City to pay such development costs. As with the bonds that were refunded, these bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On May 30, 2007, at the request of the City, MDFB issued \$995,000 Infrastructure \$995,000 Facilities Revenue Bonds, Series 2007D, due in annual installments of \$70,000 to \$80,000 through April 1, 2020 and bearing interest at the rates ranging from 4.00% to 4.500% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Drumm Farm development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On June 28, 2007, at the request of the City, MDFB issued \$19,720,000 Infrastructure Facilities Revenue Bonds, Series 2007E, due in annual installments of \$425,000 to \$2,670,000 through April 1, 2027 and bearing interest at the rates ranging from 4.75% to 5.125% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Centerpoint development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On February 19, 2008, at the request of the City, MDFB issued \$5,035,000 Taxable Infrastructure Facilities Revenue Bonds, Series 2008A, due in annual installments of \$280,000 to \$925,000 through March 1, 2017 and bearing interest at the rates ranging from 4.30% to 5.70% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Crackerneck Creek development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

On February 19, 2008, at the request of the City, MDFB issued \$7,920,000 Infrastructure Facilities Revenue Bonds, Series 2008B, due in annual installments of \$615,000 to \$1,635,000 through March 1, 2025 and bearing interest at the rates ranging from 4.00% to 5.00% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Crackerneck Creek development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

\$995,000

\$19,720,000

\$5,035,000

\$7,920,000

\$8,000,000

On February 19, 2008, at the request of the City, MDFB issued \$8,000,000Infrastructure Facilities Revenue Bonds, Series 2008C, due in annual installments of \$370,000 to \$2,515,000 through April 1, 2022 and bearing interest at the rates ranging from 4.00% to 5.125% The proceeds of the bonds were loaned by MDFB to the City to be used to pay for the cost of improvements for the Eastland Center development. These bonds are payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments are secured by a pledge of certain tax increment revenues, and if not paid from such revenues from the City's general fund, subject to annual appropriation. (as of 03/01/2008)

#### Future Obligations

The City anticipates the issuance of additional bonds to finance costs related to the Events Center project in the amounts described in the body of this Official Statement.

The City anticipates the issuance of additional bonds to fund costs related to the Crackerneck Creek Redevelopment Project. This Project includes the development and construction of a proposed 450,000 square foot commercial retail center. The Crackerneck Creek project will include an approximately 150,000 square foot Bass Pro Shops Outdoor World retail store, and is expected to include a minimum of 300,000 square feet of additional retail space and a hotel. Under a lease with the City, Bass Pro will be required to operate its retail store for a twenty (20) year period and will make lease payments to the City equal to approximately 2% of gross sales. MDFB has passed a resolution expressing its intent to issue one or more series of bonds to finance the City's costs associated with this development. The bonds are expected to be issued in an approximate principal amount of \$98,000,000. Proceeds of the bonds will fund reimbursable redevelopment project costs that are currently estimated to be approximately \$73,600,000, plus all financing costs, capitalized interest, credit enhancement costs, if any, and adequate reserves. The City expects that these bonds will be payable solely from, and secured by, an assignment and a pledge of loan payments made by the City pursuant to a financing agreement between the Board and the City. The City's loan payments will be secured by a pledge of the Bass Pro lease payments, certain tax increment revenues (local and state sales taxes and property taxes), and if not paid from such lease payments and tax revenues, from the City's general fund, subject to annual appropriation. Of the projected \$98,000,000 in bonds anticipated to be issued by MDFB, \$85,440,000 have been issued to date. While the Bass Pro store is open, no other retail space has been leased or is under construction.

Related to the Eastland Center Project, a tax increment project involving mixed retail and commercial development, the City anticipates the future issuance of additional bonds to fund approximately \$9,700,000 in project costs and City costs, plus reserves and costs of issuance. The City does not anticipate the issuance of these bonds until the year 2010. Bonds related to the Eastland Center Project are secured by tax increment revenues from the approximately 212 acre area which has been designated a redevelopment area under the TIF Act and, if not paid from such revenues, from the City's general fund, subject to annual appropriation.

Shortly after the issuance of the Bonds, the Board expects to issue approximately \$1,190,000 in bonds for the Drumm Farm Project. The Drumm Farm Project is another tax increment financing project for which bonds have been issued by the Board. The project is the development of 143 residential lots and a public golf course. Bonds related to the Drumm Farm Project are secured by tax increment revenues from the Drumm Farm redevelopment area designated by the City under the TIF Act and, if not paid from such revenues, from the City's general fund, subject to annual appropriation.

In addition to bonds expected to be issued for the Crackerneck Creek Project, the Eastland Center Project, the Drumm Farm Project and the Events Center Project, the City expects to issue additional bonds secured by the City's annual appropriation authority.

#### **Capital Leases**

Capital leases payable at June 30, 2007 consist of the following:

| Emergency One, Inc., interest at 6.31%, annual installments through<br>October 2007. A lease to purchase an Emergency One Model V803<br>Commercial Pumper Fire Apparatus. | \$ 21,549      |
|---|----------------|
| IBM Corporation, interest at 2.64% to 6.1% monthly installments through July 2007. A lease to purchase computer equipment.  | 2,474          |
| Sun Trust Leasing, interest at 4.19%, annual installments through July 2013; a lease to purchase a fire truck   | 555,685        |
| IBM Corporation, interest at 4.057% monthly installments through April 2010. A lease to purchase an I Series 520 System along with other computer equipment.              | <u>132,776</u> |
| TOTAL   | \$712,484      |

#### **Overlapping or Underlying Indebtedness Debt**

The following table sets forth overlapping and underlying general obligation and lease indebtedness of political subdivisions with boundaries overlapping the City as of June 30, 2005, and the percent attributable (on the basis of assessed valuation figures) to the City. The table was compiled from information furnished by the jurisdictions responsible for the debt, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

| Jurisdiction                     | Gener<br>Obligat<br>Bond Is<br><u>Outstanc</u> | tion<br>sues   | Percentage<br>Applicable to<br>City of<br><u>Independence</u> | Amount<br>Applicable to<br>City of<br><u>Independence</u> |        |
|----------------------------------|--|----------------|---|---|--------|
| City of Independence             | \$   | 0              | -   | \$  | 0      |
| Jackson County                   |  | 0              | -   |   | 0      |
| Jackson County School Districts: |  |                |   |   |        |
| Metropolitan Junior College      |  | 0              | -   |   | 0      |
| Independence                     | 71,57  | 73,358         | 100.0%  | 71,5  | 73,358 |
| Kansas City                      |  | 0              | -   |   | 0      |
| Raytown                          | 65,67  | 75,000         | 6.0   | 3,9   | 40,500 |
| Blue Springs #4                  | 110,89   | 94,988         | 20.0  | 22,1  | 78,998 |
| Fort Osage #1                    | 23,27  | 7 <u>9,674</u> | 12.5  | 2,9   | 09,959 |
| TOTAL                            | \$271,42                                       | 23,020         |   | \$100,6   | 02,815 |

\* Does not include amounts available in certain debt service funds

.

#### **APPENDIX B**

### ACCOUNTANTS' REPORT AND AUDITED FINANCIAL STATEMENTS OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2007; UNAUDITED FINANCIAL AND OPERATING REPORT FOR PERIOD ENDED JANUARY 1, 2008

## ACCOUNTANTS' REPORT AND AUDITED FINANCIAL STATEMENTS OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2007

# COCHRAN HEAD VICK & CO., P.C.

& Co

10034 NW Ambassador Dr. Kansas City, MO 64153 (816) 584-9955 Fax (816) 584-9958 **Certified Public Accountants** 

**Independent Auditors' Report** 

The Honorable Mayor and Members of the City Council City of Independence, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of the City of Independence, Missouri, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flow, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

Other Offices

3717 North Oak Trafficway Kansas City, MO 64116 (816) 453-7014 (816) 453-7016 FAX

1333 Meedowlark Lane Kanses City, KS 66102 (913) 287-4433 (913) 287-0010 FAX

6700 Antioch Rd, Suite 460 Merriam, Kansas 66204 (913) 378-1100 (913) 378-1177 FAX

317 W. Young Warrensburg, MO 64093 (660) 747-9125 (660)747-9490 FAX The Management's Discussion and Analysis, budgetary comparison information and schedules of funding progress, which appear as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City. The introductory section, combining and individual fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, schedules and budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the basic financial statements and, accordingly, we express no opinion on them.

October 25, 2007

Cochon Hand Ville the R

This section of the City of Independence's comprehensive annual financial report presents our review of the City's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

#### **Financial Highlights**

The City's total net assets increased over \$44.0 million. \$32.8 million or 74.6% was from the City's 'governmental-type activities' and the balance were from 'business-type activities'.

Sales tax revenue decreased by \$26,054. The lack of growth in revenue from sales tax can mostly be attributed to two factors. The first and probably the most significant is the slow economy that has generally been felt throughout the country. The second is the retail competition that is developing within the trade area of the City. Wal-Mart has recently opened super centers in Blue Springs to our east and Kansas City at our southwest border.

The State authorized legislation that is intended to settle the dispute between cell phone providers and local jurisdictions concerning franchise fees was implemented on July 1, 2006. It was subsequently over-turned by the Missouri Supreme Court in August. The City's Code allowed for this possibility and the business license fee reverted to the pre-July 1<sup>st</sup> rate of 9.08%. Currently cities are working with individual providers to reach settlements and avoid continued litigation.

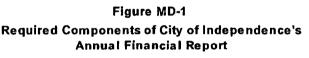
Site work continues on the tax increment financing project for a retail development of almost

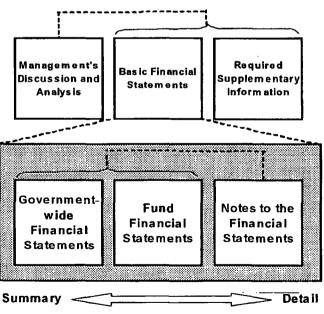
700,000 square feet that includes a Bass Pro Shops Outdoor World store and theme hotel. This store is scheduled to open by late January 2008.

Centerpoint hospital and an associated medical office building opened during the year. This is the new \$250,000,000 state of the art medical center that consolidated the two medical facilities in the City.

The City has entered into a memorandum of understanding with Global Enterprises to develop and operate a multi-purpose events center in the southeast part of the City. The events center's primary tenant will be a Central Hockey League team. This project will require establishing a community improvement district and a sales tax in the district.

The City in cooperation with the Kansas City Area Transportation Authority opened a transit center at the corner of Noland and Truman Roads.





## **Overview Of The Financial Statements**

This annual report consists of four parts, management's discussion and analysis, the basic financial statements, required supplementary information, and a supplemental section that presents combining statements for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both longterm and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements:
  - The governmental funds statements tell how general government services, like public safety, were financed in the short-term, as well as, what remains for future spending.
  - Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like a business, such as the electric, water and sanitary sewer systems.
  - Fiduciary fund statements provide information about financial relationships for which the City acts solely as a trustee or agent for the benefit of others, to whom the underlying resources belong, such as the Seniors Travel Fund, and Flexible Benefit Plan Fund.

The financial statements also include notes that provide additional explanatory information to the financial statements The statements are followed by a section of required supplementary information, which explains and suppo the information in th financial statements Figure MD-1 shows how the required pa of this annual repor are arranged and relate to one anothe

|   |   | ••••••••••••••••••••••••••••••••••••••  | Fund Statements  |   |
|---|---|---|--|---|
|   | Government-wide<br>Statements   | Governmental Funds  | Proprietary Funds  | Fiduciary Funds   |
| Scope                                     | Entire City government<br>(except liduciary funds)  | The activities of the City<br>that are not proprietary or<br>fiduciary, such as police,<br>fire, and parks  | Activities the City<br>operates similar to privato<br>businesses: electric,<br>water, and sanitary sever | instances in which the<br>City is the trustee or<br>agent for someone<br>else's resources   |
| Required financial<br>Statements          | * Slatement of net assets   | * Balance Sheet   | * Statement of net assets  | * Statement of fiducian<br>net assets   |
|   | <ul> <li>Statement of activities</li> </ul>   | * Statement of revenues,<br>expenditures, and<br>changes in fund balances   | * Statement of revenues,<br>expenses, and changes in<br>net assets<br>* Statement of cash flows          | * Statement of changes<br>in fiduciary net assets   |
| Accounting basis and<br>measurement focus | Accrual accounting and<br>economic resources focus.   | Modified accrual<br>accounting and current<br>financial resources focus   | Accrual accounting and<br>economic resources focus   | Accrual accounting and<br>economic resources<br>focus   |
| Type of asset/liability<br>Information    | All assets and liablikies,<br>both financial and capital,<br>and short-term and long-<br>term | Only assets expected to<br>be used up and tiabilities<br>that come due during the<br>year or soon thereafter,<br>no capital assets<br>included  | All assels and liabilities,<br>both financial and capital,<br>and short-lerm and long-<br>lerm           | All assets and Rabilitie<br>both short-term and lor<br>term; the City's funds o<br>not currently contain<br>capital assets, althoug<br>they can |
| Type of inflow/outflow<br>information     | All revenues and expenses<br>during year, regardless of<br>when cash is received or<br>paid   | Revenues for which cash<br>is received during or soon<br>after the end of the year;<br>expenditures when goods<br>or services have been<br>received and payment is<br>due during the year or<br>soon thereafter | All revenues and<br>expenses during year,<br>regardless of when cash<br>is roceived or paid              | Ail revenues and<br>expenses during year,<br>regardless of when cas<br>is received or paid  |

In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Figure MD-2 summarizes the components of the City's financial statements, including the portion of the City government, which each covers and the types of information each contain. The remainder of this section explains the structure and content of each of the statements.

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. The term "Net assets" refers to the difference between the City's assets and liabilities and is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To further assess the overall health of the City additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads, should be considered.

The government-wide financial statements of the City can be divided into two categories:

- Governmental activities Most of the City's basic services are included here, such as the police, fire, public works, and parks departments, as well as, general administration.
   Property taxes, sales taxes, and state and federal grants finance most of these activities.
- Business-type activities The City charges fees to customers to help it cover the costs of certain services it provides. The City's electric, water, and sanitary sewer systems are included here.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by the City's Charter, State Statutes, and bond covenants.

The Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three kinds of funds:

- Governmental funds Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds Business operations for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
  - The City's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
  - We use internal service funds to report activities that provide supplies and services for the City's other programs and activities. The City has three internal service funds. These are the self-funded health insurance fund, central garage fund, and the pharmacy benefit fund.
- Fiduciary funds Periodically, the City may be responsible for other assets that have been given to the City under the terms of a trust agreement initiated by an outside third party. Generally these funds are limited in use for the benefit of the designated trust beneficiary. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Currently, the City is the trustee, or fiduciary, for the following funds: Vaile Mansion/Anderson Trust Fund, Susie Paxton Block Trust Fund, Seniors Travel Fund, and the Flexible Benefit Plan Fund. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

#### **Net Assets**

The following Table (MD-1) reflects the condensed Statement of Net Assets:

|   | Governmental |             | Busine      | ss-type     |             |             |             |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   |              | Activit     | ies         | Activ       | /ities      | To          | otal        |
|   | -            | 2007        | 2006        | 2007        | <u>2006</u> | 2007        | <u>2006</u> |
| Current and other assets                                    | \$           | 47,556,469  | 44,030,055  | 82,448,428  | 88,078,459  | 130,004,897 | 132,108,514 |
| Capital assets  | 2            | 20,757,782  | 184,284,767 | 321,772,908 | 304,223,793 | 542,530,690 | 488,508,560 |
| Total assets  | 2            | 68,314,251  | 228,314,822 | 404,221,336 | 392,302,252 | 672,535,587 | 620,617,074 |
| Long-term obligations                                       |              | 38,753,026  | 32,805,845  | 63,215,539  | 65,519,111  | 101,968,565 | 98,324,956  |
| Other liabilities   |              | 9,277,673   | 8,060,558   | 12,933,600  | 9,899,819   | 22,211,273  | 17,960,377  |
| Total liabilities   |              | 48,030,699  | 40,866,403  | 76,149,139  | 75,418,930  | 124,179,838 | 116,285,333 |
| Net assets<br>Invested in capital<br>assets, net of related |              |             |             |             |             |             |             |
| debt  | 1            | 95,251,671  | 165,333,646 | 267,330,916 | 246,080,008 | 462,582,587 | 411,413,654 |
| Restricted  |              | 28,164,683  | 25,262,407  | 731,101     | 731,652     | 28,895,784  | 25,994,059  |
| Unrestricted  |              | (3,132,802) | (3,147,634) | 60,010,180  | 70,071,662  | 56,877,378  | 66,924,028  |
| Total net assets  | \$ 2         | 220,283,552 | 187,448,419 | 328,072,197 | 316,883,322 | 548,355,749 | 504,331,741 |

#### Table MD-1 City of Independence's Net Assets

(Amounts for 2006 have been restated.)

The City's combined net assets increased 8.7% to \$548.4 million from \$504.3 million. Net assets of the City's governmental activities increased 17.5% to \$220.3 million. Governmental assets increased \$40 million and liabilities increased \$7.2 million. Governmental long-term obligations increased \$5.9 million. The increase in long term obligations in the governmental activities is due to debt issued for Parks and Streets projects.

Total unrestricted net assets were \$56.9 million with the business-type activities being \$60 million. The City's unrestricted net assets (deficit) for governmental activities were (\$3.1) million.

Unrestricted net assets for business activities were \$60 million and decreased \$10.1 million from the previous year. Net assets invested in capital assets, net of related debt were \$267.3 million and increased \$21.3 million from the previous year.

#### **Changes In Net Assets**

The following Table (MD-2) reflects the revenues and expenses from the City's activities:

| City of Independence's Net Assets   |                            |               |                  |                     |               |               |  |  |
|---|----------------------------|---------------|------------------|---------------------|---------------|---------------|--|--|
|   | Governmental<br>Activities |               | Busines<br>Activ | ••                  | Tot           | al            |  |  |
|   | 2007                       | 2006          | 2007             | 2006                | 2007          | 2006          |  |  |
| Revenues  |                            |               |                  |                     |               |               |  |  |
| Program revenues  |                            |               |                  |                     |               |               |  |  |
| Charges for services  | \$ 15, <b>098,737</b>      | 14,719,971    | 135,936,348      | 130,955,239         | 151,035,085   | 145,675,210   |  |  |
| Operating grants and  |                            |               |                  |                     |               |               |  |  |
| contributions   | 9,957,178                  | 9,199,332     | -                |                     | 9,957,178     | 9,199,332     |  |  |
| Capital grants and  |                            |               |                  |                     |               |               |  |  |
| contributions   | 23,963,312                 | 27,299,227    | 5,562,049        | 2,964,925           | 29,525,361    | 30,264,152    |  |  |
| General revenues  |                            |               |                  |                     |               |               |  |  |
| Property taxes  | 6,952,380                  | 6,895,323     | -                | -                   | 6,952,380     | 6,895,323     |  |  |
| Sales taxes   | 37,728,799                 | 37,754,853    | -                | -                   | 37,728,799    | 37,754,853    |  |  |
| Other taxes   | 8,244,536                  | 7,667,782     | -                | -                   | 8,244,536     | 7,667,782     |  |  |
| Interest  | 1,785,111                  | 1,385,126     | 2,532,853        | 2,449,623           | 4,317,964     | 3,834,749     |  |  |
| Other   | 589,469                    | 714,149       | 47,953_          | 436,132             | 637,422       | 1,150,281     |  |  |
| Total revenues  | 104,319,522                | 105,635,763   | 144,079,203      | 136,805,919         | 248,398,725   | 242,441,682   |  |  |
| Expenses  |                            |               |                  |                     |               |               |  |  |
| Administrative services   | 7,749,779                  | 7,363,102     | -                | -                   | 7,749,779     | 7,363,102     |  |  |
| Public works  | 13,231,006                 | 12,817,343    | -                | -                   | 13,231,006    | 12,817,343    |  |  |
| Public safety   | 38,253,819                 | 36,796,996    | -                | -                   | 38,253,819    | 36,796,996    |  |  |
| Culture & recreation  | 6,965,260                  | 5,161,139     | -                | -                   | 6,965,260     | 5,161,139     |  |  |
| Community development   | 4,096,835                  | 3,809,726     | -                | -                   | 4,096,835     | 3,809,726     |  |  |
| Health & welfare  | 2,898,542                  | 2,638,369     | -                | -                   | 2,898,542     | 2,638,369     |  |  |
| Electric  | -                          | -             | 89,265,988       | 84,564,657          | 89,265,988    | 84,564,657    |  |  |
| Water   | -                          | -             | 17,723,114       | 17,097,507          | 17,723,114    | 17,097,507    |  |  |
| Sanitary sewer  | -                          | -             | 12,721,171       | 12,236,654          | 12,721,171    | 12,236,654    |  |  |
| Storm water   | 2,193,290                  | 1,641,992     | -                | -                   | 2,193,290     | 1,641,992     |  |  |
| General government  | 8,225,760                  | 6,678,208     | -                | -                   | 8,225,760     | 6,678,208     |  |  |
| Interest  | 1,050,153                  | 991,856       |                  | -                   | 1,050,153     | 991,856       |  |  |
| Total expenses  | 84,664,444                 | 77,898,731    | 119,710,273      | 113,898,8 <u>18</u> | 204,374,717   | 191,797,549   |  |  |
| Excess (deficiency) of<br>revenues or expenses<br>before special item and |                            |               |                  |                     |               |               |  |  |
| transfers   | 19,655,078                 | 27,737,032    | 24,368,930       | 22,907,101          | 44,024,008    | 50,644,133    |  |  |
| Transfers - In (Out)  | 13,180,055                 | 13,167,930    | (13,180,055)     | (13,167,930)        |               |               |  |  |
| Increase in net assets  | 32,835,133                 | 40,904,962    | 11,188,875       | 9,739,171           | 44,024,008    | 50,644,133    |  |  |
| Net assets, beginning of year   | 187,448,419                | 146,543,457   | 316,883,322      | 307,144,151         | 504,331,741   | 453,687,608   |  |  |
| Net assets, end of year   | \$220,283,552              | \$187,448,419 | \$328,072,197    | \$316,883,322       | \$548,355,749 | \$504,331,741 |  |  |

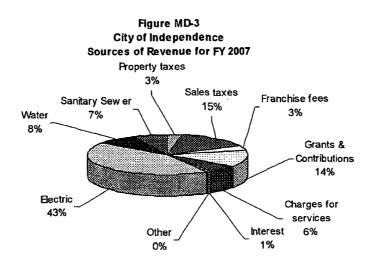
Table MD-2 City of Independence's Net Assets

Total revenues increased 2.5% or \$6.0 million and Governmental revenues decreased 1.2% or \$1.3 million. This increase can be attributed mostly to the increase in charges for services. Of significance is the slow growth of taxes, particularly the decrease in sales tax. This is a reflection of the general economy and retail competition.

Total expenses increased 6.6% or \$12.6 million and Governmental expenses increased 8.7% or \$6.8 million. This increase can be attributed to costs associated with electric production and capital projects. The change in the business-type activities is attributable to normal operations; some of the changes are related to the effect of weather on electric and water sales.

#### Revenues

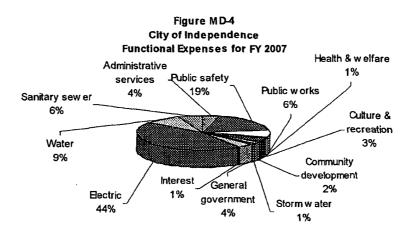
For the fiscal year ending June 30, 2007 revenues totaled \$248.4 million. Of this amount charges for services (governmental and business type) was \$151.0 million or 60.8% of the total. Revenue from business-type activities represents \$144.1 million or 58.0% of the total City revenues (Figure MD-3).



Revenues from governmental activities were \$104.3 million. Sales taxes, the largest governmental category, were \$37.7 million or 36.2%. All taxes represent \$52.9 million or 50.7% of governmental revenue. Operating and capital grants were \$33.9 million or 32.5% of governmental revenues. Charges for services at \$15.1 million were 14.5% of the total.

#### Expenses

For the fiscal year ending June 30, 2007 expenses totaled \$204.4 million. Of this amount the electric utility was \$89.3 million or 43.7% of the total. Business-type expenses represent \$119.7 million or 58.6% of the total City expenses (Figure MD-4).



Expenses from governmental activities were \$84.7 million. Public safety expenses, the largest governmental category, were \$38.3 million or 45.2% of the total. Public Works is the next largest category at \$13.2 million, which is 15.6% of the total.

#### **Governmental Activities**

#### Table MD-3 Net Cost of City of Independence's Governmental Activities

|                            | Total C<br>of Serv |            | Net Cost<br>of Servicess |             |  |
|----------------------------|--------------------|------------|--------------------------|-------------|--|
|                            | 2007               | 2006       | 2007                     | 2006        |  |
| Administrative services    | \$ 7,749,779       | 7,363,102  | 2,009,351                | 1,780,742   |  |
| Public works               | 13,231,006         | 12,817,343 | 1,196,009                | (5,749,084) |  |
| Public safety              | 38,253,819         | 36,796,996 | 29,942,094               | 23,918,073  |  |
| Culture & Recreation       | 6,965,260          | 5,161,139  | 5,296,377                | 3,862,454   |  |
| Community development      | 4,096,835          | 3,809,726  | (264,779)                | 121,030     |  |
| Health & Welfare           | 2,898,542          | 2,638,369  | 1,615,782                | 1,638,417   |  |
| Storm water                | 2,193,290          | 1,641,992  | 35,897                   | 1,420,121   |  |
| General government and     |                    |            |                          |             |  |
| interest on long-term debt | 9,275,913          | 7,670,064  | (682,553)                | 569,698     |  |
| Total                      | \$ 84,664,444      | 77,898,731 | 39,148,178               | 27,561,451  |  |

As noted in Table MD-3 expenses from governmental activities for fiscal year 2007 were \$84.7 million. However, the net costs of these services were \$39.1 million. The difference represents direct revenues received from charges for services of \$15.1 million, operating grants and contributions of \$10.0 million, and capital grants and contributions of \$20.5 million. Taxes and other revenues of \$58.8 million were collected to cover these net costs.

#### **Business-type Activities**

Revenues of the City's business-type activities increased \$7.3 million or 5.3% and expenses increased \$5.8 million or 5.1%. This change is primarily the result of increased customer consumption caused by growth and weather conditions. Fluctuations in weather for both the electric and water utilities impact both the revenues and expenses of these utilities.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$33.5 million. The fund balance of the General Fund decreased \$1,050,347 during fiscal year 2007. The unreserved, undesignated portion of the General Fund's fund balance decreased \$1,269,738. Fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

While position vacancies continued to be managed with the intent of controlling termination and recruitment costs, overtime cost exceeded budgeted amounts for police and snow removal.

Sales tax revenue continued to reflect the direction with the economy and be affected by retail development in other communities within our primary trade area.

Mild weather during both the summer and winter periods' impacted natural gas, electric, and water franchise taxes and payments in-lieu of taxes.

The fund balance of the Street Improvements Fund was a deficit of \$301,883. The increase in the deficit is due to increased capital project expenditures. The Fund has a receivable from other governments in the amount of \$2.8 million. Operating capital, for projects that have matching agreements from other governmental units, is primarily provided by other City funds.

## **General Fund Budgetary Highlights**

Resources available for appropriation increased \$133 thousand from the original estimate. Actual revenues at the end of the year were less than projected by \$1.3 million. The largest negative variance was in the area of Taxes, accounting for \$1.5 million of the revenue decrease. The largest positive variance was in the area of Charges for Services, accounting for \$383.7 thousand of the revenue increase.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were increased \$2.0million in the General Fund. These budget amendments generally fall into the following categories:

- Re-appropriation of \$1.3 million that is designated by Council action.
- Approval of new grants or the extension of current grants that was not previously included in the approved budget. These adjustments generally also include offsetting revenues.
- Transfer of previously approved salary and benefit appropriations to operating departments where expenditures occur when the actual distribution of the expenditure could not be anticipated at the time that the appropriation was originally approved.
- Increase or decrease appropriations for unanticipated events, including overtime costs, which may arise throughout the fiscal year.

Actual expenditures, including encumbrances, were \$1.9 million less that the amount appropriated, representing operating savings of 2.9%. This was largely the result of an intentional underspending of the budget by means of delaying capital expenditures and the filling of vacant positions to offset projected declining revenues and fund balance reserves.

## CAPITAL ASSET AND DEBT ADMINISTRATION

#### **Capital Assets**

At the end of fiscal year 2007, the City had invested \$542.5 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets increased \$54.0 million or 11.1% during the period.

|                    |    |             |                    | Table MD-4         |               |             |             |            |
|--------------------|----|-------------|--------------------|--------------------|---------------|-------------|-------------|------------|
|                    |    |             | City of I          | ndependence's C    | apital Assets |             |             |            |
|                    |    |             |                    | (net of depreciati | ion)          |             |             |            |
|                    |    |             |                    |                    |               |             |             | Total      |
|                    |    | Governn     |                    | Busines            | ••            |             |             | Percentage |
|                    | _  | Activit     | ies                | Activi             | ities         | Tot         | Change      |            |
|                    |    | <u>2007</u> | 2006               | <u>2007</u>        | 2006          | 2007        | 2006        | 2006-2007  |
| Land & land imp    | \$ | 19,150,530  | 18,893 <b>,941</b> | 5,443,122          | 5,443,122     | 24,593,652  | 24,337,063  | 1.1%       |
| Buildings &        |    |             |                    |                    |               |             |             |            |
| Improvements       |    | 43,834,902  | 28,409,276         | -                  | -             | 43,834,902  | 28,409,276  | 54.3%      |
| Office furniture & |    |             |                    |                    |               |             |             |            |
| equipment          |    | 55,172      | 21,735             | -                  | -             | 55,172      | 21,735      | 153.8%     |
| Computer equipment |    | 778,185     | 413,194            | -                  | -             | 778,185     | 413,194     | 88.3%      |
| Mobile equipment   |    | 7,989,271   | 7,085,351          | -                  | -             | 7,989,271   | 7,085,351   | 12.8%      |
| Other equipment    |    | 2,008,444   | 1,312,394          | 26,014             | 26,014        | 2,034,458   | 1,338,408   | 52.0%      |
| Infrastructure     |    | 88,382,589  | 74,894,400         | 286,666,231        | 274,750,652   | 375,048,820 | 349,645,052 | 7.3%       |
| Construction in    |    |             |                    |                    |               |             |             |            |
| progress           |    | 58,558,689  | 53,254,476         | 29,637,541         | 24,004,005    | 88,196,230  | 77,258,481  | 14.2%      |
| Total              | \$ | 220,757,782 | 184,284,767        | 321,772,908        | 304,223,793   | 542,530,690 | 488,508,560 | 11.1%      |
|                    |    |             |                    |                    |               |             |             |            |

)

The budget for fiscal year 2008 projects the City will spend an additional \$25 million for capital projects.

Additional information regarding capital assets can be found in the 'Notes to Financial Statements', section (6), of this report.

## **Debt Administration**

| Table MD-5<br>City of Independence's Outstanding Debt |                 |            |                   |            |                               |            |           |
|---|-----------------|------------|-------------------|------------|-------------------------------|------------|-----------|
|   | Govern<br>Activ |            | ss-type<br>/ities | Tot        | Total<br>Percentage<br>Change |            |           |
|   | 2007            | 2006       | 2007              | 2006       | 2007                          | 2006       | 2006-2007 |
| Loans Payable<br>Capital lease                        | \$ 23,870,529   | 18,590,023 | 55,548,038        | 59,361,323 | 79,418,567                    | 77,951,346 | 1.88%     |
| obligations<br>Neighborhood                           | 712,483         | 737,370    | •                 | -          | 712,483                       | 737,370    | -3.38%    |
| Improvemt District                                    | 923,099         | 982,044    | -                 | -          | 923,099                       | 982,044    | -6.00%    |
| Total   | \$ 25,506,111   | 20,309,437 | 55,548,038        | 59,361,323 | 81,054,149                    | 79,670,760 | 1.74%     |

The City at the end of fiscal year 2007 had a total of \$81.0 million of outstanding obligations. This was an increase of \$1.4 million or 1.7% from the previous fiscal year. None of these amounts relate to general obligations of the City and \$55.5 million or 68.5% are obligations of the business-type activities.

Additional information regarding debt can be found in the 'Notes to Financial Statements', section (7), of this report.

## **Economic Factors**

In the last five years the City, as a community, lost 515 jobs, with current total employment at 56,855 jobs. Unemployment by mid-2007 was 5.0%, and while this is lower than Jackson County at 5.4% and it is greater than the State at 4.9%. As with most of the rest of the country the City's unemployment rate has remained steady during the last two years. Median income for 2007 is estimated to be \$43,747, compared to \$45,077 for the State as a whole.

## **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customer, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to James C. Harlow, Director of Finance & Administration, City of Independence, P.O. Box 1019, Independence, MO 64051.

-

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Net Assets

June 30, 2007

|   |     | P                                       | rimary Governme             | nt          | <b>Component Unit</b>      |  |  |
|---|-----|---|-----------------------------|-------------|----------------------------|--|--|
|   |     | Governmental<br>Activities              | Business-Type<br>Activities | Total       | Tax Increment<br>Financing |  |  |
| Assets:   |     |   |                             |             |                            |  |  |
| Current assets:                                   |     |   |                             |             |                            |  |  |
| Pooled cash and investments                       | \$  | 30,445,356                              | 39,899,427                  | 70,344,783  | 3,935,087                  |  |  |
| Receivables:                                      |     | • •                                     |                             |             |                            |  |  |
| Taxes   |     | 5,708,718                               |                             | 5,708,718   | 171,368                    |  |  |
| Accounts  |     | 234,825                                 | 10,370,581                  | 10,605,406  | 30                         |  |  |
| Unbilled revenue                                  |     | ·                                       | 10,497,417                  | 10,497,417  | _                          |  |  |
| Special assessment principal and accrued interest |     | 2,118,066                               | 68,196                      | 2,186,262   |                            |  |  |
| Accrued interest                                  |     | 235,912                                 | 720,584                     | 956,496     | _                          |  |  |
| Other   |     |   | 124,108                     | 124,108     |                            |  |  |
| Internal balances                                 |     | (1,223,267)                             | 1,223,267                   |             |                            |  |  |
| Due from component unit                           |     | 1,321,488                               | · · · —                     | 1,321,488   | _                          |  |  |
| Due from other governments                        |     | 4,598,244                               | 328,295                     | 4,926,539   | 319,443                    |  |  |
| Inventory   |     | 90,526                                  | 13,432,480                  | 13,523,006  | · —                        |  |  |
| Prepaid items                                     |     |   | 4,702                       | 4,702       |                            |  |  |
| Restricted cash and investments                   |     | 311,673                                 | 1,619,201                   | 1,930,874   | <del></del>                |  |  |
| Total current assets                              | •   | 43,841,541                              | 78,288,258                  | 122,129,799 | 4,425,928                  |  |  |
| Noncurrent assets:                                | -   |   |                             |             | .,,                        |  |  |
| Capital assets:                                   |     |   |                             |             |                            |  |  |
| Nondepreciable                                    |     | 77,520,712                              | 35,080,663                  | 112,601,375 |                            |  |  |
| Depreciable, net                                  |     | 143,237,070                             | 286,692,245                 | 429,929,315 | _                          |  |  |
| Deferred debt issue costs                         |     | 276,861                                 | 1,106,046                   | 1,382,907   | 1,293,825                  |  |  |
| Other deferred charges                            |     | 2/0,001                                 | 2,323,023                   | 2,323,023   | 1,2/5,025                  |  |  |
| Restricted cash and investments                   |     | 3,438,067                               | 731,101                     | 4,169,168   | 71,892,933                 |  |  |
| Total noncurrent assets                           | -   | 224,472,710                             | 325,933,078                 | 550,405,788 | 73,186,758                 |  |  |
|   |     |   |                             |             |                            |  |  |
| Total assets                                      | \$_ | 268,314,251                             | 404,221,336                 | 672,535,587 | 77,612,686                 |  |  |
| Liabilities and Net Assets                        |     |   |                             |             |                            |  |  |
| Current liabilities:                              |     |   |                             |             |                            |  |  |
| Accounts and contracts payable                    | \$  | 4,922,267                               | 9,902,974                   | 14,825,241  |                            |  |  |
| Accrued items                                     | -   | 2,070,055                               | 626,608                     | 2,696,663   | 1,955,357                  |  |  |
| Other current liabilities                         |     | 616,620                                 | 129,821                     | 746,441     |                            |  |  |
| Due to primary government                         |     |   |                             |             | 1,321,488                  |  |  |
| Uncarned revenue                                  |     | 237,048                                 |                             | 237,048     | _                          |  |  |
| Current portion of long-term obligations          |     | 8,403,640                               | 6,600,822                   | 15,004,462  | 3,358,375                  |  |  |
| Medical self-insurance claims                     |     | 1,215,829                               | · · · · · ·                 | 1,215,829   |                            |  |  |
| Liabilities payable from restricted assets        |     | 215,854                                 | 1,794,336                   | 2,010,190   |                            |  |  |
| Total current liabilities                         | -   | 17,681,313                              | 19,054,561                  | 36,735,874  | 6,635,220                  |  |  |
| Noncurrent liabilities:                           | -   |   |                             |             |                            |  |  |
| Noncurrent portion of long-term obligations       |     | 30,349,386                              | 56,614,717                  | 86,964,103  | 163,545,712                |  |  |
| Advances for construction                         |     | 50,547,500                              | 479,861                     | 479,861     | 105,545,712                |  |  |
|   | -   |   | <del></del>                 |             |                            |  |  |
| Total noncurrent liabilities                      | -   | 30,349,386                              | 57,094,578                  | 87,443,964  | 163,545,712                |  |  |
| Total liabilities                                 | -   | 48,030,699                              | 76,149,139                  | 124,179,838 | 170,180,932                |  |  |
| <b></b>   |     |   |                             |             |                            |  |  |
| Net assets:                                       |     |   |                             |             |                            |  |  |
| Invested in capital assets, net of related debt   |     | 195,251,671                             | 267,330,916                 | 462,582,587 |                            |  |  |
| Restricted for:                                   |     |   |                             |             |                            |  |  |
| Capital projects                                  |     | 144,191                                 |                             | 144,191     |                            |  |  |
| Special revenue                                   |     | 26,622,675                              |                             | 26,622,675  |                            |  |  |
| Debt service                                      |     | 1,388,147                               | 731,101                     | 2,119,248   | <del></del>                |  |  |
| Permanently restricted                            |     | 9,670                                   | ·                           | 9,670       | —                          |  |  |
| Unrestricted (deficit)                            |     | (3,132,802)                             | 60,010,180                  | 56,877,378  | (92,568,246)               |  |  |
| •   | -   | • |                             |             |                            |  |  |
| Total net assets (deficit)                        | -   | 220,283,552                             | 328,072,197                 | 548,355,749 | (92,568,246)               |  |  |
| Total liabilities and net assets (deficit)        | \$_ | 268,314,251                             | 404,221,336                 | 672,535,587 | 77,612,686                 |  |  |
| See accompanying notes to financial statements    | -   |   |                             |             |                            |  |  |

See accompanying notes to financial statements.

20

#### **CITY OF INDEPENDENCE, MISSOURI**

Statement of Activities

Year ended June 30, 2007

| Functions/Programs                   | _  | Expenses    | _  | Charges for<br>Services    | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Net (Expense)<br>Revenue |
|--------------------------------------|----|-------------|----|----------------------------|--|--|--------------------------|
| Primary government:                  |    |             |    |                            |  |  |                          |
| Governmental activities:             |    |             |    |                            |  |  |                          |
| Administrative services              | \$ |             |    | 5,696,158                  | 44,270                                   |  | (2,009,351)              |
| Public safety                        |    | 38,253,819  |    | 4,202,328                  | 1,593,055                                | 2,516,342                              | (29,942,094)             |
| Public works                         |    | 13,231,006  |    | 1,338,479                  | 4,924,933                                | 9,274,546                              | 2,306,952                |
| Health and welfare                   |    | 2,898,542   |    | 723,574                    | 559,186                                  |  | (1,615,782)              |
| Culture and recreation               |    | 6,965,260   |    | 845,560                    | 333,323                                  | 490,000                                | (5,296,377)              |
| Community development<br>Storm water |    | 4,096,835   |    | 2,292,638                  | 2,068,976                                |  | 264,779                  |
| General government                   |    | 2,193,290   |    |                            | 433,435                                  | 1,723,958                              | (35,897)                 |
| Interest on long-term debt           |    | 8,225,760   |    |                            |  | 9,958,466                              | 1,732,706                |
| 6                                    |    | 1,050,153   | -  |                            |  |  | (1,050,153)              |
| Total governmental activities        |    | 84,664,444  | _  | 15,098,737                 | 9,957,178                                | 23,963,312                             | (35,645,217)             |
| Business-type activities:            |    |             |    |                            |  |  |                          |
| Power and light                      |    | 89,265,988  |    | 103,133,249                |  | 2,628,123                              | 16,495,384               |
| Water                                |    | 17,723,114  |    | 17,744,404                 |  | 1,701,567                              | 1,722,857                |
| Sewer                                |    | 12,721,171  | _  | 15,058,695                 |  | 1,232,359                              | 3,569,883                |
| Total business-type activities       |    | 119,710,273 | _  | 135,936,348                |  | 5,562,049                              | 21,788,124               |
| Total primary government             | \$ | 204,374,717 | -  | 151,035,085                | 9,957,178                                | 29,525,361                             | (13,857,093)             |
| Component unit:                      |    |             |    |                            |  |  |                          |
| Tax increment financing              | \$ | 35,880,839  |    |                            |  | 645,599                                | (35,235,240)             |
|                                      |    |             |    | Governmental<br>Activities | Business-Type<br>Activities              | Total                                  | Component<br>Unit        |
| Changes in net assets:               |    |             |    |                            |  |  |                          |
| Net (expense) revenue                |    |             | \$ | (35,645,217)               | 21,788,124                               | (13,857,093)                           | (35,235,240)             |
| General revenues:                    |    |             |    |                            |  |  |                          |
| Property taxes                       |    |             |    | 6,952,380                  | _  | 6,952,380                              | 61077000                 |
| Sales and use taxes                  |    |             |    | 37,728,799                 |  | 37,728,799                             | 7,829,337                |
| Franchise taxes                      |    |             |    | 8,209,734                  |  | 8,209,734                              |                          |
| Financial institutions tax           |    |             |    | 34,802                     | _  | 34,802                                 |                          |
| Investment earnings                  |    |             |    | 1,785,111                  | 2,532,853                                | 4,317,964                              | 3,631,948                |
| Miscellaneous                        |    |             |    | 589,469                    | 47,953                                   | 637,422                                | 115,816                  |
| Transfers in (out)                   |    |             |    | 13,180,055                 | (13,180,055)                             |  |                          |
| Total general revenue and            |    |             |    |                            |  |  |                          |
| transfers                            |    |             |    | 68,480,350                 | (10,599,249)                             | 57,881,101                             | 11,577,101               |
|                                      |    |             |    |                            |  |  |                          |

Net assets (deficit), beginning (as restated) Net assets (deficit), ending

See accompanying notes to financial statements.

Change in net assets

32,835,133

187,448,419

220,283,552

\$

11,188,875

316,883,322

328,072,197

44,024,008

504,331,741

548,355,749

(23,658,139)

(68,910,107)

(92,568,246)

## CITY OF INDEPENDENCE, MISSOURI

Balance Sheet

#### Governmental Funds

June 30, 2007

| Assets  | -   | General             | Street<br>Improvements | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----|---------------------|------------------------|-----------------------------------|--------------------------------|
| Pooled cash and investments<br>Receivables:       | \$  | 1,778,274           |                        | 23,524,348                        | 25,302,622                     |
| Taxes   |     | 2,831,246           |                        | 2,877,472                         | 5,708,718                      |
| Accounts  |     | 139,747             | 10,496                 | 16,847                            | 167,090                        |
| Special assessment principal and accrued interest |     | 386,510             | 433,532                | 1,298,024                         | 2,118,066                      |
| Accrued interest                                  |     | 21,396              |                        | 208,510                           | 229,906                        |
| Due from other funds                              |     | 3,731,049           | _                      | 1,438,535                         | 5,169,584                      |
| Due from component unit                           |     | · · ·               | 1,304,988              | 16,500                            | 1,321,488                      |
| Due from other governments                        |     | 838,166             | 2,826,158              | 933,920                           | 4,598,244                      |
| Restricted assets                                 | •   | 439,988             |                        | 3,309,752                         | 3,749,740                      |
| Total assets                                      | \$  | 10,166,376          | 4,575,174              | 33,623,908                        | 48,365,458                     |
| Liabilities and Fund Balances                     | _   |                     |                        |                                   |                                |
| Liabilities:                                      |     |                     |                        |                                   |                                |
| Accounts and contracts payable                    | \$  | 613,850             | 951.089                | 3,274,319                         | 4,839,258                      |
| Due to other funds                                | •   |                     | 3,422,379              | 1,692,179                         | 5,114,558                      |
| Accrued items                                     |     | 1,625,224           |                        | 83,103                            | 1,708,327                      |
| Other current liabilities                         |     | 590,240             |                        | 26,380                            | 616,620                        |
| Deferred revenue                                  |     | 386,510             | 503,589                | 1,465,015                         | 2,355,114                      |
| Liabilities payable from restricted assets:       |     |                     |                        |                                   |                                |
| Deposits and court bonds                          | -   | 215,854             |                        |                                   | 215,854                        |
| Total liabilities                                 | -   | 3,431,678           | 4,877,057              | 6,540,996                         | 14,849,731                     |
| Fund balances:                                    |     |                     |                        |                                   |                                |
| Reserved for:<br>Encumbrances                     |     | 040.074             | 1 507 755              | 0.016.000                         | 11 205 620                     |
| Domestic violence                                 |     | 942,874             | 1,526,657              | 9,316,039                         | 11,785,570                     |
| Other purposes                                    |     | 13,617<br>1,244,202 |                        | 85,739                            | 13,617<br>1,329,941            |
| Unreserved, reported in:                          |     | 1,244,202           | _                      | 85,739                            | 1,329,941                      |
| General fund                                      |     | 4,534,005           | _                      |                                   | 4,534,005                      |
| Special revenue funds                             |     | · · ·               |                        | 17,620,241                        | 17,620,241                     |
| Debt service fund                                 |     |                     |                        | 82,229                            | 82,229                         |
| Capital projects funds                            |     | _                   | (1,828,540)            | (31,006)                          | (1,859,546)                    |
| Permanent funds                                   | _   |                     |                        | 9,670                             | 9,670                          |
| Total fund balance (deficit)                      | -   | 6,734,698           | (301,883)              | 27,082,912                        | 33,515,727                     |
| Total liabilities and fund balance                | \$_ | 10,166,376          | 4,575,174              | 33,623,908                        | 48,365,458                     |
|   | -   |                     |                        |                                   |                                |

See accompanying notes to financial statements.

.

.

## CITY OF INDEPENDENCE, MISSOURI

#### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

## June 30, 2007

| Fund balances – total governmental funds   | \$   | 33,515,727                   |
|--|------|------------------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:  |      |                              |
| Governmental capital assets<br>Less accumulated depreciation   |      | 350,245,258<br>(129,583,655) |
|  |      | 220,661,603                  |
| Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when paid  |      | (354,230)                    |
| Adjustment of deferred revenue   |      | 2,118,066                    |
| Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets |      | 2,745,696                    |
| Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds   |      |                              |
| Loans payable/NID payable<br>Capital lease obligations   |      | (24,789,000)<br>(712,484)    |
| Compensated absences<br>Discounts (premiums)   | _    | (13,174,061)<br>(4,626)      |
|  |      | (38,680,171)                 |
| Deferred debt costs  | -    | 276,861                      |
| Net assets of governmental activities (exhibit 1)  | \$ _ | 220,283,552                  |

See accompanying notes to financial statements.

.

## CITY OF INDEPENDENCE, MISSOURI

#### Statement of Revenues, Expenditures, and Changes in Fund Balances

#### Governmental Funds

#### Year ended June 30, 2007

|  |             | General              | Street<br>Improvements | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------|----------------------|------------------------|-----------------------------------|--------------------------------|
| Revenues:  | -           |                      |                        |                                   |                                |
| Taxes  | \$          | 32,261,435           | _                      | 20,629,478                        | 52,890,913                     |
| Licenses and permits                             |             | 4,300,683            | _                      | 1,171,509                         | 5,472,192                      |
| Intergovernmental                                |             | 5,654,002            | 5,074,123              | 5,806,308                         | 16,534,433                     |
| Charges for services                             |             | 1,858,887            | 22,316                 | 706,580                           | 2,587,783                      |
| Interfund charges for support services           |             | 3,105,514            |                        |                                   | 3,105,514                      |
| Fines, forfeitures, and court costs              |             | 3,900,967            |                        | _                                 | 3,900,967                      |
| Investment income                                |             | 344,679              |                        | 1,243,679                         | 1,588,358                      |
| Reimbursements from component unit               |             |                      | 3,502,961              |                                   | 3,502,961                      |
| Other  | -           | 412,410              | 165,264                | 221,906                           | 799,580                        |
| Total revenues                                   | -           | 51,838,577           | 8,764,664              | 29,779,460                        | 90,382,701                     |
| Expenditures:                                    |             |                      |                        |                                   |                                |
| Current:   |             |                      |                        |                                   |                                |
| Administrative services                          |             | 7,548,694            |                        | 44,269                            | 7,592,963                      |
| Public safety                                    |             | 35,247,021           |                        | 4,446,626                         | 39,693,647                     |
| Public works                                     |             | 7,173,004            | _                      |                                   | 7,173,004                      |
| Health and welfare                               |             | 2,342,813            |                        | 493,136                           | 2,835,949                      |
| Culture and recreation                           |             | 2,031,166            |                        | 3,067,660                         | 5,098,826                      |
| Community development<br>Storm water             |             | 2,656,755            | —                      | 1,525,599                         | 4,182,354                      |
| General government                               |             | 306,150<br>7.294,544 | _                      | 1,232,707<br>287,680              | 1,538,857<br>7,582,224         |
| Capital outlay                                   |             | 7,294,344<br>981,730 | 10,248,912             | 20,505,996                        | 31,736,638                     |
| Debt service:                                    |             | 901,750              | 10,240,912             | 20,303,990                        | 51,750,050                     |
| Principal  |             | 347,394              |                        | 2,909,000                         | 3,256,394                      |
| Interest and fiscal agent fees                   |             | 68,792               |                        | 932,514                           | 1,001,306                      |
| Total expenditures                               | -           | 65,998,063           | 10,248,912             | 35,445,187                        | 111,692,162                    |
| Deficiency of revenues over                      | -           |                      |                        |                                   | <u>_</u>                       |
| expenditures                                     |             | (14,159,486)         | (1,484,248)            | (5,665,727)                       | (21,309,461)                   |
| Other financing sources (uses):                  | -           |                      |                        |                                   |                                |
| Proceeds from capital leases/bond issuance       |             | 144,129              | ·                      | 8,255,000                         | 8,399,129                      |
| Reoffering premium/original issue discount       |             | 144,127              |                        | 78,680                            | 78,680                         |
| Transfers in – utility payments in lieu of taxes |             | 13,039,463           |                        |                                   | 13,039,463                     |
| Transfers in                                     |             |                      | 1.371.761              | 730,538                           | 2,102,299                      |
| Transfers out                                    |             | (125,287)            | · · ·                  | (1,836,420)                       | (1,961,707)                    |
| Sale of property, plant, and equipment           | _           | 50,834               |                        |                                   | 50,834                         |
| Total other financing sources                    | _           | 13,109,139           | 1,371,761              | 7,227,798                         | 21,708,698                     |
| Net change in fund balances                      |             | (1,050,347)          | (112,487)              | 1,562,071                         | 399,237                        |
| Fund balances (deficit), beginning, as restated  | _           | 7,785,045            | (189,396)              | 25,520,841                        | 33,116,490                     |
| Fund balances (deficit), ending                  | \$ <u>-</u> | 6,734,698            | (301,883)              | 27,082,912                        | 33,515,727                     |

|   |             | Exhibit 4.1              |
|---|-------------|--------------------------|
| <b>CITY OF INDEPENDENCE, MISSOURI</b>   |             |                          |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures<br>in Fund Balances to the Statement of Activities   | , and Cha   | nges                     |
| Year ended June 30, 2007  |             |                          |
| Net change in fund balances – total governmental funds  | \$          | 399,237                  |
| Amounts reported for governmental activities in the statement of activities are   |             |                          |
| different because:<br>Governmental funds report capital outlays as expenditures. However, in<br>the statement of activities, the cost of those assets is allocated over<br>their estimated useful lives as depreciation expense. This is the amount<br>by which capital outlays exceeded depreciation in the current period.  |             |                          |
| Capital outlay  |             | 33,196,639               |
| Depreciation expense  |             | (9,574,024)              |
| Donated assets  | -           | 13,569,692<br>37,192,307 |
| The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the assets and depreciation is removed from the capital assets account in the statement of net assets and offset against the proceeds, resulting in a gain on the sale of capital assets in the statement of activities. More revenue is reported in the governmental funds than gain in the statement of activities.  |             |                          |
| Book value of assets disposed   |             | (718,743)                |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds   |             | 54,681                   |
| Bond proceeds provide current financial resources to governmental funds,<br>but issuing debt increases long-term liabilities in the statement of net assets.<br>Repayment of bond principal is an expenditure in the governmental funds,<br>but the repayment reduces long-term liabilities in the statement of net assets.<br>This is the amount by which proceeds exceeded repayments. Also,<br>governmental funds report the effect of issuance costs, premiums, discounts,<br>and similar items when debt is first issued, whereas these amounts are deferred<br>and amortized in the statement of activities. This amount is the net effect of<br>these differences in the treatment of long-term debt and related items:<br>Proceeds from debt issuance |             | (8,399,129)              |
| Reoffering premium/original issue discount  |             | (78,680)                 |
| Principal payments<br>Debt issuance costs amortization  |             | 3,256,394                |
| Debt issuance costs amortization<br>Debt premiums and discounts amortizations   |             | 14,103<br>67,342         |
|   | -           | (5,139,970)              |
| Some expenses reported in the statement of activities do not require the use of<br>current financial resources and therefore are not reported as expenditures in the<br>governmental funds:   |             |                          |
| Compensated absences<br>Accrued interest  | _           | (738,564)<br>(48,847)    |
|   | _           | (787,411)                |
| Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and garage charges, to individual funds. The net expense of the internal service funds is reported with the governmental activities  |             | 1,835,032                |
| Change in net assets of governmental activities (Exhibit 2)   | \$ <u>-</u> | 32,835,133               |

#### CITY OF INDEPENDENCE, MISSOURI

#### Balance Sheet

#### Proprietary Funds

#### June 30, 2007

|   |     |                        | Internal             |                      |                          |                  |
|---|-----|------------------------|----------------------|----------------------|--------------------------|------------------|
| A conto   |     | Power and              | Water                | Sanitary             | Total                    | Service<br>Funds |
| Assets  | •   | Light                  | water                | Sewer                | 10(81                    | F UBUS           |
| Current assets:<br>Pooled cash and investments<br>Receivables:                    | \$  | 24,044,022             | 6,584,459            | 9,270,946            | 39,899,427               | 5,142,734        |
| Accounts (net of allowance of \$877,889)<br>Unbilled revenue                      |     | 6,894,164<br>8,637,707 | 1,668,927<br>863,681 | 1,807,490<br>996,029 | 10,370,581<br>10,497,417 | 67,735           |
| Special assessment principal and accrued interest                                 |     | 4,676                  | 805,081              | 63,520               | 68.196                   | _                |
| Accrued interest  |     | 485,390                | 139,434              | 95,760               | 720.584                  | 6,006            |
| Other   |     | _                      | 124,108              |                      | 124,108                  |                  |
| Due from other funds  |     | 9,983                  | 6,008                | 3,983                | 19,974                   | —                |
| Due from other governments  |     | 328,295                |                      | —                    | 328,295                  | —                |
| Inventory   |     | 12,774,205             | 594,830              | 63,445               | 13,432,480               | 90,526           |
| Prepaid items<br>Restricted cash and investments                                  |     | 4,702                  | 207 556              | 220,022              | 4,702                    | _                |
| Total current assets  | •   | 1,101,623              | 297,556              |                      | 1,619,201                | 5 307 001        |
| Noncurrent assets:  | -   | 54,284,767             | 10,279,003           | 12,521,195           | 77,084,965               | 5,307,001        |
| Capital assets:   |     |                        |                      |                      |                          |                  |
| Nondepreciable  |     | 27.278.539             | 4,279,880            | 3,522,244            | 35,080,663               | 93,979           |
| Depreciable, net  |     | 127,574,115            | 97,316,697           | 61,801,433           | 286,692,245              | 2,200            |
| Deferred debt issue costs   |     | 281,864                | 824,182              |                      | 1,106,046                |                  |
| Other deferred charges  |     | 77,750                 | 2,245,273            |                      | 2,323,023                | —                |
| Restricted cash and investments   |     | 231,101                | 500,000              |                      | 731,101                  |                  |
| Total noncurrent assets   | -   | 155,443,369            | 105,166,032          | 65,323,677           | 325,933,078              | 96,179           |
| Total assets  | \$_ | 209,728,136            | 115,445,035          | 77,844,872           | 403,018,043              | 5,403,180        |
| Liabilities and Net Assets  |     |                        |                      |                      |                          |                  |
| Current liabilities:  |     |                        |                      |                      |                          |                  |
| Accounts and contracts payable<br>Due to other funds                              | \$  | 8,671,711              | 914,564              | 316,699              | 9,902,974                | 83,009<br>75,000 |
| Accrued items   |     | 335,714                | 79,541               | 211,353              | 626,608                  | 7,498            |
| Other current liabilities   |     | 100,000                |                      | 29,821               | 129,821                  | ·                |
| Current portion of long-term obligations  |     | 3,201,345              | 3,133,010            | 266,467              | 6,600,822                | 29,535           |
| Medical self-insurance claims<br>Liabilities payable from restricted assets       |     |                        |                      |                      |                          | 1,215,829        |
|   | -   | 1,025,161              | 577,920              | 191,255              | 1,794,336                |                  |
| Total current liabilities   | -   | 13,333,931             | 4,705,035            | 1,015,595            | 19,054,561               | 1,410,871        |
| Noncurrent liabilities:   |     | 12 022 020             |                      |                      | <i></i>                  |                  |
| Revenue bonds payable<br>Compensated absences – long-term                         |     | 12,933,038             | 38,350,000           |                      | 51,283,038               |                  |
| Other long-term obligations   |     | 3,010,740              | 896,288<br>835,704   | 588,947              | 4,495,975                | 43,320           |
| Advances for construction   |     | 354,449                | 125,412              | _                    | 835,704 ·<br>479,861     | _                |
| Total noncurrent liabilities  | -   | 16,298,227             | 40,207,404           | 588,947              | 57,094,578               | 43,320           |
| Total liabilities   | -   | 29,632,158             | 44,912,439           | 1,604,542            | 76,149,139               | 1,454,191        |
|   | -   | 27,052,150             |                      | 1,004,042            | 10,149,159               |                  |
| Net assets:<br>Invested in capital assets, net of related debt<br>Restricted for: |     | 140,136,480            | 61,870,759           | 65,323,677           | 267,330,916              | 96,179           |
| Debt service  |     | 231,101                | 500,000              | _                    | 731,101                  | _                |
| Unrestricted  | _   | 39,728,397             | 8,161,837            | 10,916,653           | 58,806,887               | 3,852,810        |
| Total net assets  | _   | 180,095,978            | 70,532,596           | 76,240,330           | 326,868,904              | 3,948,989        |
| Total liabilities and net assets  | \$_ | 209,728,136            | 115,445,035          | 77,844,872           |                          | 5,403,180        |
|   | -   |                        |                      |                      |                          |                  |

Adjustment to reflect the consolidation of internal service fund activities related to proprietary funds Net assets of business-type activities

.

#### Exhibit 6

.

#### CITY OF INDEPENDENCE, MISSOURI

#### Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

Year ended June 30, 2007

| Power and Sanitary<br>Light Water Sewer  |   | <u> </u>                                    |
|--|---|---|
|  | Total   | Service<br>Funds                            |
|  | 4,150,849<br>1,785,499  | 14,761,552                                  |
| Total operating revenues 103,133,249 17,744,404 15,058,695 133   | 5,936,348   | 14,761,552                                  |
| Other services         11,940,792         3,251,272         5,924,517         21           Supplies         48,500,700         1,354,438         543,723         50           Capital Outlay         2,685         30,333            Other expenses         5,549,796         2,507,386         90,298         8 | 4,960,312<br>1,116,581<br>0,398,861<br>33,018<br>8,147,480<br>4,138,637 | 633,877<br>11,371,019<br>902,035<br><br>550 |
| Total operating expenses 89,852,504 15,736,675 13,205,710 11   | 8,794,889   | 12,907,481                                  |
| Operating income 13,280,745 2,007,729 1,852,985 17   | 7,141,459   | 1,854,071                                   |
| Miscellaneous revenue 496,722 1,632,683 16,190 2   | 2,532,853<br>2,145,595<br>3,054,271)<br>(872,607)                       | 196,753<br>698,060                          |
| Total nonoperating revenue (expenses) 1,140,311 (849,324) 460,583  | 751,570   | 894,813                                     |
| Income before contributions and transfers 14,421,056 1,158,405 2,313,568 17  | 7,893,029   | 2,748,884                                   |
| Transfers out – utility payments in lieu of taxes         (9,950,729)         (1,651,501)         (1,437,233)         (13           Transfers in         —         —         —         —         105,357   | 5,562,049<br>3,039,463)<br>105,357<br>(245,949)                         | -   |
|  | 0.275.023   | 2,748,884                                   |
| Total net assets:<br>Beginning of the year   |   | 1,200,105                                   |
| End of the year \$ 180,095,978 70,532,596 76,240,330   |   | 3,948,989                                   |

| Adjustment to reflect the consolidation of internal  |   |               |
|--|---|---------------|
| service fund activities related to proprietary funds | • | 913,852       |
| Change in net assets of business-type activities.    |   | \$ 11,188,875 |

See accompanying notes to financial statements.

•

#### Exhibit 7

## CITY OF INDEPENDENCE, MISSOURI

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2007

|  |                            | Enterpr                  | ise funds             |                            | Internal                 |
|--|----------------------------|--------------------------|-----------------------|----------------------------|--------------------------|
|  | Power and<br>Light         | Water                    | Sanitary<br>Sewer     | Total                      | Service<br>Funds         |
| Cash Brown from constitution   | Light                      | water                    | Sewer                 | Jotan                      | Funos                    |
| Cash flows from operations:<br>Receipts from customers and others                            | \$ 101,820,356             | 20,192,435               | 15,312,802            | 137,325,593                | 15,448,509               |
| Payments to suppliers  | (66,906,940)               | (7,945,561)              | (6,575,525)           | (81,428,026)               | (12,403,388)             |
| Payments to employees  | (14,407,210)               | (6,169,598)              | (4,240,928)           | (24,817,736)               | (621,566)                |
| Net cash provided by operating activities  | 20,506,206                 | 6,077,276                | 4,496,349             | 31,079,831                 | 2,423,555                |
| Cash flows from noncapital financing activities:   | (41.000)                   | (0, 000)                 |                       | (1 (0 (0)))                |                          |
| Transfers in/(out)<br>Transfers out – payments in lieu of taxes                              | (81,983)<br>(9,950,729)    | (81,983)<br>(1,651,501)  | 23,374<br>(1,437,233) | (140,592)<br>(13,039,463)  |                          |
| Advances to other funds  | (),))(,(2))                | 4,643,987                | (1,457,205)           | 4,643,987                  |                          |
| Net cash provided by (used in) noncapital financing activities                               | (10,032,712)               | 2,910,503                | (1,413,859)           | (8,536,068)                |                          |
| Cash flows from capital and related financing activities:                                    |                            |                          |                       |                            |                          |
| Acquisition and construction of capital assets   | (18,350,777)               | (3,458,450)              | (3,340,442)           | (25,149,669)               | -                        |
| Interest paid on revenue bonds and equipment contracts<br>Debt expense paid on revenue bonds | (785,533)                  | (1,937,091)              |                       | (2,722,624)                |                          |
| Disposal costs from disposition of equipment   | (836,642)                  | (12,900)<br>(935,333)    |                       | (12,900)<br>(1,771,975)    |                          |
| Redemption of revenue bonds  | (1,995,000)                | (2,040,000)              | _                     | (4,035,000)                |                          |
| Interest received on special assessment  |                            |                          | 126                   | 126                        |                          |
| Net cash used in capital and related financing activities                                    | (21,967,952)               | (8,383,774)              | (3,340,316)           | (33,692,042)               |                          |
| Cash flows from investing activities:<br>Purchases of investments                            | 101 000 000                | (B 000 10 -              | 100 000               | (40.1/0.200)               | /1 <b>80</b> / -0.5      |
| Proceeds from sales and maturities of investments  | (34,397,830)<br>35,899,258 | (7,899,135)<br>8,019,676 | 133,377               | (42,163,588)<br>43,918,934 | (1,726,799)<br>1,721,260 |
| Interest on investments  | 1,834,164                  | 439,746                  | 546,920               | 2,820,830                  | 198,480                  |
| Adjustment to market value   |                            | ·                        | (3,520)               | (3,520)                    |                          |
| Net cash provided by (used in) investing activities  | 3,335,592                  | 560,287                  | 676,777               | 4,572,656                  | 192,941                  |
| Net increase (decrease) in cash and cash equivalents   | (8,158,866)                | 1,164,292                | 418,951               | (6,575,623)                | 2,616,496                |
| Cash and cash equivalents at beginning of year   | 1,104,065                  | 287,687                  | 866,519               | 2,258,271                  | 2,280,611                |
| Cash and cash equivalents at end of year   | (7,054,801)                | 1,451,979                | 1,285,470             | (4,317,352)                | 4,897,107                |
| Investments with original maturities greater than 90 days                                    | 32,431,546                 | 5,930,036                | 8,205,498             | 46,567,080                 | 245,627                  |
| Pooled cash and investments  | \$25,376,745               | 7,382,015                | 9,490,968             | 42,249,728                 | 5,142,734                |
| Noncash capital and related financing activities:<br>Contributed capital                     | <b>\$</b> 1,348,775        | 1,701,567                | 1,232,359             | 4,282,701                  |                          |
|  | J 1,546,775                | 1,701,507                | 1,232,339             | 4,282,701                  |                          |
| Components of cash and short-term investments at end of fiscal year:<br>Unrestricted assets  | \$ 24,044,022              | 6,584,459                | 9,270,946             | 39,899,427                 | 5,142,734                |
| Restricted assets  | 1,332,724                  | 797,556                  | 220,022               | 2,350,302                  | 5,142,/54                |
| Total pooled cash and investments  | \$ 25,376,746              | 7,382,015                | 9,490,968             | 42,249,729                 | 5,142,734                |
| Reconciliation of operating income to net cash provided by                                   |                            |                          |                       |                            |                          |
| operating activities:  | 6 10 000 G45               |                          |                       |                            |                          |
| Operating income   | \$ <u>13,280,745</u>       | 2,007,729                | 1,852,985             | 17,141,459                 | 1,854,071                |
| Adjustments not affecting cash:<br>Depreciation and amortization                             | 9,429,199                  | 2,388,295                | 2,321,143             | 14,138,637                 | 550                      |
| Nonoperating revenues  | 496,722                    | 1,632,683                | 16,190                | 2,145,595                  | 698,060                  |
| Nonoperating expenses  | _                          | (872,607)                | _                     | (872,607)                  |                          |
| Change in assets and liabilities:<br>Accounts receivable                                     | (240.212)                  | 100 010                  | (00( 100              | ()                         | (11.000                  |
| Inventory  | (240,312)<br>(4,840,251)   | 150,717<br>21,826        | (226,157)<br>(4,995)  | (315,752)<br>(4,823,420)   | (11,107)<br>(65,960)     |
| Prepaid items  | 78,025                     | _                        | <u> </u>              | 78,025                     | (05,500)                 |
| Unbilled revenue<br>Due from FEMA/SEMA   | (1,571,827)                | 150,474                  | (33,761)              | (1,455,114)                | —                        |
| Special assessments receivable   | (89,793)                   | _                        | 4,119                 | (89,793)<br>4,119          |                          |
| Other deferred charges   | 21,750                     |                          | —                     | 21,750                     | _                        |
| Accounts and contracts payable<br>Internal balances  | 3,801,122                  | (467,883)                | (15,919)              | 3,317,320                  | 33,871                   |
| Accrued liabilities  | 92,317<br>20,244           | (128,924)                | 493,716<br>9,370      | 586,033<br>(99,310)        | 75,000<br>401            |
| Other current liabilities  |                            | (236,712)                | (17,562)              | (254,274)                  | (173,273)                |
| Customer deposits  | 26,387                     | 11,330                   | 9,735                 | 47,452                     |                          |
| Compensated absences<br>Inter-Local agreement  | 1,878                      | 33,583<br>1,386,765      | 87,485                | 122,946<br>1,386,765       | 11,942                   |
| Total adjustments  | 7,225,461                  | 4,069,547                | 2,643,364             | 13,938,372                 | 569,484                  |
| Net cash provided by operating activities  | \$ 20,506,206              | 6,077,276                | 4,496,349             | 31,079,831                 | 2,423,555                |
| •  |                            |                          |                       |                            |                          |

See accompanying notes to financial statements.

.

## Exhibit 8

## CITY OF INDEPENDENCE, MISSOURI

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007

|  | Pu | Private-<br>Purpose<br>Trust Funds |    | Agency<br>Funds           |  |
|--|----|------------------------------------|----|---------------------------|--|
| Assets:<br>Pooled cash and investments<br>Accrued interest receivable                              | \$ | 61,282                             |    | 84,774<br>493             |  |
| Total assets   |    | 61,282                             |    | 85,267                    |  |
| Liabilities:<br>Accounts and contracts payable<br>Funds held in escrow<br>Flexible benefit payable |    | 47                                 |    | 1,594<br>49,697<br>33,976 |  |
| Total liabilities  |    | 47                                 | \$ | 85,267                    |  |
| Net assets:<br>Held in trust   | \$ | 61,235                             | =  |                           |  |

See accompanying notes to financial statements.

.

.

.

.

# CITY OF INDEPENDENCE, MISSOURI

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

Year ended June 30, 2007

|   | <u></u> T | Private-<br>Purpose<br>rust Funds |
|---|-----------|-----------------------------------|
| Additions:<br>Charges for services<br>Interest<br>Other | \$        | 19,150<br>2,582<br>970            |
| Total additions   |           | 22,702                            |
| Deductions:<br>Capital outlay<br>Total deductions       |           | 23,667                            |
| Change in net assets                                    |           | (965)                             |
| Net assets, beginning                                   |           | 62,200                            |
| Net assets, ending                                      | \$        | 61,235                            |

## Index to Notes to Financial Statements

## June 30, 2007

| (1)   | Summary of Significant Accounting Policies   | 3 '                             |
|---|--|---------------------------------|
| (a)   | The Financial Reporting Entity   | 3                               |
| (b)   | Basis of Presentation  | 3                               |
| (c)   | Basis of Accounting  | 5                               |
| (d)   | Accounts Receivable  | 5                               |
| (e)   | Investments  | 5                               |
| (f)   | Inventory  | 5                               |
| (g)   | Prepaid Items  | 6                               |
| (h)   | Interfund Activity   | б                               |
| (i)   | Capital Assets   | 7                               |
| (j)   | Bond Premiums, Discounts, and Issuance Costs   | 8                               |
| (k)   | Compensated Absences   | 9                               |
| (1)   | Fund Balances  | 9                               |
|   |  |                                 |
| (m)   | Permanent Fund   | 9                               |
| (m)<br>(n)  | Permanent Fund   |                                 |
|   |  | 9                               |
| (n)   | Net Assets   | 9<br>0                          |
| (n)<br>(o)  | Net Assets   | 9<br>0<br>0                     |
| (n)<br>(o)<br>(p)   | Net Assets   39     Statement of Cash Flows   40     Use of Estimates   40   | 9<br>0<br>0                     |
| (n)<br>(o)<br>(p)<br>(q)  | Net Assets   | 9<br>0<br>0<br>0                |
| <ul> <li>(n)</li> <li>(o)</li> <li>(p)</li> <li>(q)</li> <li>(r)</li> </ul>   | Net Assets       39         Statement of Cash Flows       40         Use of Estimates       40         Reclassifications of Account Balances       40         New Accounting Pronouncements       40   | 9<br>0<br>0<br>0<br>1           |
| <ul> <li>(n)</li> <li>(o)</li> <li>(p)</li> <li>(q)</li> <li>(r)</li> <li>(2)</li> </ul>  | Net Assets       39         Statement of Cash Flows       40         Use of Estimates       40         Reclassifications of Account Balances       40         New Accounting Pronouncements       40         Deposits and Investments       41   | 9<br>0<br>0<br>1<br>3           |
| <ul> <li>(n)</li> <li>(o)</li> <li>(p)</li> <li>(q)</li> <li>(r)</li> <li>(2)</li> <li>(3)</li> </ul>                           | Net Assets.       39         Statement of Cash Flows       40         Use of Estimates       40         Reclassifications of Account Balances       40         New Accounting Pronouncements       40         Deposits and Investments       41         Tax Revenue       41   | 9<br>0<br>0<br>0<br>1<br>3<br>4 |
| <ul> <li>(n)</li> <li>(o)</li> <li>(p)</li> <li>(q)</li> <li>(r)</li> <li>(2)</li> <li>(3)</li> <li>(4)</li> </ul>              | Net Assets.       39         Statement of Cash Flows       40         Use of Estimates       40         Reclassifications of Account Balances       40         New Accounting Pronouncements       40         Deposits and Investments       41         Tax Revenue       42         Intergovernmental Revenue and Receivables       44                                    | 9<br>0<br>0<br>1<br>3<br>4<br>6 |
| <ul> <li>(n)</li> <li>(o)</li> <li>(p)</li> <li>(q)</li> <li>(r)</li> <li>(2)</li> <li>(3)</li> <li>(4)</li> <li>(5)</li> </ul> | Net Assets       39         Statement of Cash Flows       40         Use of Estimates       40         Reclassifications of Account Balances       40         New Accounting Pronouncements       40         Deposits and Investments       41         Tax Revenue       42         Intergovernmental Revenue and Receivables       44         Interfund Activity       44 | 9<br>0<br>0<br>1<br>3<br>4<br>6 |

.

## Index to Notes to Financial Statements

## June 30, 2007

| (ď   | )   | Interfund Transfers                 | 1 |
|------|-----|-------------------------------------|---|
| (6)  | C   | apital Assets                       | } |
| (7)  | L   | ong-Term Obligations                | 3 |
| (a)  | )   | Governmental activities             | ć |
|      | (1) | Loans Payable                       | ŝ |
|      | (2) | Neighborhood Improvement District   | 7 |
|      | (3) | Capital Lease Obligations           | 7 |
| (b   | )   | Business-type Activities            | 3 |
|      | (1) | Revenue Bonds                       | 3 |
|      | (2) | Other Obligations                   | ) |
| (c)  | )   | Discretely-presented component unit | ) |
|      | (1) | Tax Increment Financing Loans       | ) |
|      | (a  | ) Advance Refunding                 | 2 |
|      | (2) | Developer Obligations               | 3 |
|      | (3) | Bass Pro Lease                      | 3 |
| (8)  | Adv | vances for Construction             | 5 |
| (9)  | Eı  | nployee Retirement System           | 5 |
| (10) | Po  | st-employment Health Benefits       | 5 |
| (11) | R   | sk Management                       | 5 |
| (12) | C   | ommitments6                         | 8 |
| (13) | D   | eficits 6                           | Э |
| (14) | Fur | d Equity7                           | 0 |
| (15) | Pri | or Period Adjustment                | 0 |

### Notes to Financial Statements

June 30, 2007

### (1) Summary of Significant Accounting Policies

The City of Independence, Missouri (the City) was incorporated in 1849 and covers an area of approximately 79 square miles in Jackson County, Missouri. The City is a charter city and operates under the City Council/City Manager form of government. The City Manager is the chief administrative officer of the City. The City provides services to residents in many areas, including law enforcement, fire protection, electrical, water and sewer services, community enrichment and development, recreation and various social services. Elementary, secondary and junior college education services are provided by various school districts, all of which are separate governmental entities.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The following is a summary of the more significant accounting and reporting policies and practices of the City.

### (a) The Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities for which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit.

This report includes the financial statements of the City (the primary government) and its component unit, the Tax Increment Financing (TIF) Commission of the City of Independence, Missouri (the Commission). The Commission is considered to be a discretely presented component unit and is presented in a separate column on the government-wide financial statements to emphasize that it is a separate entity from the City.

The Commission is governed by an 11-member board, of which six members are appointed by the City Council. The remaining five members (two from the county, two from the local school district and one from other taxing jurisdictions) are appointed by the respective taxing districts' boards. Financial transactions of the Commission are processed by the Finance Department of the City on the Commission's behalf. No separate financial statements are issued by the Commission.

### (b) Basis of Presentation

Government-wide Statements. The statement of net assets and the statement of activities display information about the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations of internal charges and interfund balances have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

#### Notes to Financial Statements

June 30, 2007

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or functions and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street Improvements Fund – This fund is used to account for major street improvement construction projects.

The City reports the following major enterprise funds:

*Power and Light Fund* – This fund accounts for the acquisition, operation, and maintenance of the City's power and light utility facilities and services.

Water Fund – This fund accounts for the acquisition, operation, and maintenance of the City's water utility facilities and services.

Sanitary Sewer Fund – This fund accounts for the acquisition, operation, and maintenance of the City's sanitary sewer utility facilities and services.

The City reports the following fund types of nonmajor funds:

**Special Revenue Funds** – These funds account for specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

*Capital Projects Funds* – These funds account for the expenditures and relating financing sources of major City projects.

Notes to Financial Statements

June 30, 2007

*Debt Service Funds* – These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Permanent Funds** – These funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Internal Service Funds – These funds account for the costs of fleet maintenance, the Staywell healthcare program, Pharmacy Benefit plan, and other benefits provided to other departments on a cost-reimbursement basis.

*Trust Funds* – These funds account for monies held in trust by the City for preservation and maintenance of the Vaile Mansion.

Agency Funds – These funds account for monies held on behalf of the Flexible Benefits Plan for contributions made by employees to the City's cafeteria plan, monies held for the Susie Paxton Block Distinguished Public Service Award, and monies held for the Seniors Travel Program.

### (c) Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues related to exchange transactions are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental activities, business-type activities and all enterprise funds of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins unless those pronouncements conflict with GASB pronouncements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual under this definition. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are

### Notes to Financial Statements

June 30, 2007

reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease are reported as other financing sources.

Agency Funds. Agency funds only have Assets and Liability accounts and the accrual basis of accounting is used to recognize receivables and payables within these accounts. Agency funds do no have operating accounts such as Revenues and Expenses so therefore a measurement focus does not apply to these funds.

Under the terms of grant agreements, the City funds programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

### (d) Accounts Receivable

Accounts receivable result primarily from sales of electricity, water and sewer services accounted for in the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the fiscal year.

### (e) Investments

Investments with original maturities of less than one year are reported at amortized cost, which approximates fair value. Investments with original maturities of greater than one year are recorded at fair value.

### (f) Inventory

Inventory of the enterprise funds consists of the coal supply and electric, water and sanitary sewer utility materials and is valued at average cost. Inventory of the Internal Service Fund consists of vehicle and equipment parts and materials and is valued at the lower of cost or market. The City determines the cost of its inventories using a first in, first out (FIFO) cost-flow assumption.

### (g) Prepaid Items

Certain payments to vendors reflecting costs applicable to future accounting periods have been recorded as prepaid items in both the government-wide and fund financial statements.

### (h) Interfund Activity

The City has the following types of interfund activity:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

### Notes to Financial Statements

June 30, 2007

**Reimbursements** – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

*Transfers* – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

### (i) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are stated at cost or estimated historical cost. For property acquired from another utility, the difference between the net cost of plant assets recorded by the selling entity and the purchase price is recorded as an acquisition adjustment. Contributions of capital assets received from federal, state, or local sources are recorded as assets and contributed capital at fair value at the time of receipt. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation has been provided over the estimated useful lives using the composite and straight-line methods. Depreciation on utility vehicles and heavy equipment is charged to clearing accounts and redistributed to various operating, construction, and other accounts. The estimated useful lives are as follows:

|                                    | <u> </u> |
|------------------------------------|----------|
| Governmental activities:           |          |
| Buildings and improvements         | 20-40    |
| Improvements other than buildings  | 20       |
| Roads                              | 20       |
| Bridges                            | 40       |
| Drainage systems                   | 35       |
| Office equipment and furniture     | 7        |
| Mobile equipment – vehicles        | 5        |
| Mobile equipment – heavy equipment | 10       |
| Fire trucks                        | 15       |
| Other equipment                    | 10       |
| Computer equipment                 | 5        |
|                                    |          |

Veen

### Notes to Financial Statements

### June 30, 2007

|                                      | Years  |
|--------------------------------------|--------|
| Business-type activities:            |        |
| Power and Light Fund:                |        |
| Production plant                     | 25-45  |
| Transmission plant                   | 28-40  |
| Distribution plant                   | 25-40  |
| Transportation equipment             | 7      |
| General plant                        | 19-40  |
| Water Fund:                          |        |
| Source of supply                     | 15-50  |
| Pumping                              | 20-50  |
| Water treatment                      | 40-50  |
| Transmission and distribution system | 20-100 |
| General plant                        | 5-50   |
| Acquisition adjustment               | 30     |
| Nonutility property                  | 10     |
| Sanitary Sewer Fund:                 |        |
| Equipment                            | 5-25   |
| Sewer system                         | 40-100 |
| Plant                                | 25     |

Fully depreciated capital assets are included in the capital assets accounts until their disposal. For business-type activities, units retired plus the cost of removal, less salvage, are charged against accumulated depreciation, with no gain or loss recognized.

Property, plant, and equipment financed by capital leases are reflected as assets and corresponding liabilities, and the related depreciation expense is provided on the same basis as assets financed with other resources. General capital assets financed by capital leases are reported as expenditures and other financing sources in the governmental funds.

### (j) Bond Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### Notes to Financial Statements

June 30, 2007

### (k) Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation based upon length of service. Sick leave is granted at the rate of eight hours per month. Sick leave may be accumulated without limitation. Upon termination, compensation for accrued sick leave is paid up to the equivalent of six months' regular earnings at the employee's current rate of pay and compensation for vacation is paid up to a maximum of 400 hours.

The liability for compensated absences reported in the government-wide and proprietary fund statements has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### (1) Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balances represent tentative City plans that are subject to change. Detailed information on the City's reservations and designations of fund balance may be found at Note 14 in the financial statements.

### (m) Permanent Fund

The City receives from time to time endowments from outside donors. The nature of these endowments is that the principal of the gift is to remain intact and the interest is to be spent on certain activities of the City. These donations are accounted for in the Permanent Fund. During the year ended June 30, 2007, the Permanent Fund had \$9,670 net appreciation on assets available for expenditure which is reported as unreserved fund balance. The State of Missouri requires that recipients of endowment gift maintain the original principal intact at the original donation value. During the year ended June 30, 2007 the principal balance of the Permanent Fund was transferred to a non-expendable endowment held and administered by the Truman Heartland Community Foundation.

### (n) Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

*Invested in Capital Assets, Net of Related Debt* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted* – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

#### Notes to Financial Statements

June 30, 2007

### (o) Statement of Cash Flows

For purposes of the statement of cash flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the City, are considered cash equivalents.

### (p) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### (q) Reclassifications of Account Balances

Certain line items have been reclassified to conform to the presentation of the financial statements in the current year. These reclassifications had no net effect on the City's net assets or changes there in for the current year.

### (r) New Accounting Pronouncements

In July 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes accounting and financial reporting standards for employers that participate in a defined benefit "other postemployement benefit" (OPEB) plan. Specifically, the City will be required to measure and disclose an amount for annual OPEB cost on the accrual basis for health and insurance benefits that will be provided to retired City employees in future years. The City also is required to record a net OPEB obligation which is defined as the cumulative difference between annual OPEB cost and the employer's contributions to a plan, including the OPEB liability or asset at transition, if any. The City is currently evaluating the impact of adopting Statement No. 45, but cannot determine the impact that this standard will have on the financial statements when adopted. The City will implement Statement No. 45 beginning with the year ended June 30, 2008.

### Notes to Financial Statements

June 30, 2007

### (2) Deposits and Investments

At June 30, 2007, the carrying values of deposits and investments are summarized as follows:

| Investments:<br>Short-term investments held in trust<br>U.S. government securities<br>U.S. agency securities | \$ 75,437,001<br>26,652<br>60,596,797 |
|--|---------------------------------------|
| Total investments  | 136,060,450                           |
| Deposits and repurchase obligations<br>Petty cash  | 16,346,356<br>12,095                  |
| Total  | \$ 152,418,901                        |

Deposits and investments of the City are reflected in the government-wide financial statements as follows:

|  | Government-wide<br>statement<br>of net assets |                         | ement statement Governm |         |    | Primary<br>Government<br>Total | (  | Component<br>Unit       | Grand<br>Total              |  |
|--|---|-------------------------|-------------------------|---------|----|--------------------------------|----|-------------------------|-----------------------------|--|
| Pooled cash and investments<br>Restricted cash and investments | \$  | 70,344,783<br>6,100,042 | \$                      | 146,056 | \$ | 70,490,839<br>6,100,042        | \$ | 3,935,087<br>71,892,933 | \$ 74,425,926<br>77,992,975 |  |
|  | \$  | 76,444,825              | \$                      | 146,056 | \$ | 76,590,881                     | \$ | 75,828,020              | \$152,418,901               |  |

#### Investment Policy

Missouri state statutes authorize the City, with certain restrictions, to deposit or invest in open accounts, time deposits, U.S. Treasury notes, and certificates of deposit. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by state statutes and approved by the State of Missouri.

The City maintains a cash and investment pool, which is available for use by most funds. Substantially all excess cash is invested in U.S. Treasury securities and money market funds. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Only enterprise funds with overdrawn balances are charged for interest. Cash and investments are held separately by some of the City's funds. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

#### Notes to Financial Statements

June 30, 2007

### Credit Risk

The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to limit its investments to Certificates of Deposit and Bonds or other obligations of the United States. Presented below is the actual rating by Moody's Investor Service as of year end for each investment type:

Rating

|  |    |            | Raung               |
|--|----|------------|---------------------|
| Investment Type                        |    | Fair Value | As of June 30, 2007 |
| Federal Home Loan Mortgage Corporation | \$ | 21,754,433 | AAA                 |
| Federal National Mortgage Association  |    | 24,192,695 | AAA                 |
| Federal Home Loan Bank                 |    | 14,983,149 | AAA                 |
|  |    |            | Exempt from         |
| U.S. Treasury Bond                     | ·  | 26,652     | rating requirement  |
| Total                                  |    | 60,956,929 |                     |
|  |    |            |                     |

### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize the demand deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name.

At June 30, 2007, the City's deposits and repurchase obligations were insured by Federal depository insurance and uninsured deposits and repurchase obligations were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name. Accordingly, management has determined that none of the City's deposits or investments was exposed to custodial credit risk as of June 30, 2007.

### Interest Rate Risk

The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2007, all of the City's securities had maturities of less than one year with the exception of a U.S. treasury bond with a fair value of \$26,652 that will mature in 2027.

### Notes to Financial Statements

June 30, 2007

#### Concentration of Credit Risk

The City's investment policy does not specify maximum or minimum investment concentrations by investment type. As of June 30, 2007, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total City's investments:

| Issuer               | Issuer Investment Type |               | Percentage |  |  |
|----------------------|------------------------|---------------|------------|--|--|
| Fed. Home Loan Mtg.  | U.S. agency securities | \$ 21,754,433 | 36%        |  |  |
| Fed. Natl. Mtg.      | U.S. agency securities | 24,192,695    | 40%        |  |  |
| Fed. Home Loan Banks | U.S. agency securities | 14,983,149    | 25%        |  |  |

### (3) Tax Revenue

Tax revenue, including interest and penalties, by fund type for the year ended June 30, 2007 is as follows:

|                        | <br>General      | Nonmajor<br>governmental<br>funds |            |  |  |
|------------------------|------------------|-----------------------------------|------------|--|--|
| Real estate tax        | \$<br>6,890,826  | \$                                | 22,051     |  |  |
| Railroad utilities tax | 39,502           |                                   | -          |  |  |
| Cigarette tax          | 567,039          |                                   | -          |  |  |
| Transient guest tax    | -                |                                   | 1,020,663  |  |  |
| Sales tax              | 16,554,334       |                                   | 19,586,764 |  |  |
| Franchise tax          | <br>8,209,734    |                                   |            |  |  |
|                        | \$<br>32,261,435 | \$ 2                              | 20,629,478 |  |  |

The City's real estate tax is levied each November 1 on the assessed value as of the prior January 1 for all real property located in the City. Real estate taxes are due on December 31 following the levy date. On January 1, a lien attaches to all property for which taxes are unpaid. Jackson County bills and collects all real estate taxes for the City and charges a 1.5% to 1.6% commission on all taxes collected.

Assessed values are established by the Clay and Jackson County assessors, subject to review by the Jackson County Board of Equalization and State Tax Commission. The assessed value for real property, including railroad and utility properties, located in the City as of January 1, 2006, on which the fiscal 2007 levy was based, was \$1,319,902,510.

The City is permitted by Missouri state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than payment of principal and interest on long-term debt, up to \$0.40 per \$100 of assessed valuation for public health and recreation, and in unlimited amounts for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended June 30, 2007 were \$0.4507 for the General Fund, \$0.2122 for Public Health and Recreation, and \$0.4422 for the Independence Square Benefit District Fund.

## Notes to Financial Statements

June 30, 2007

## (4) Intergovernmental Revenue and Receivables

.

.

Intergovernmental revenue during fiscal year 2007 consisted of the following:

|  |    | General<br>Fund |    | Street<br>Improvement<br>Fund | Nonmajor<br>Governmental<br>Funds |    | Total      |
|--|----|-----------------|----|-------------------------------|-----------------------------------|----|------------|
| Federal  | -  |                 |    |                               |                                   |    |            |
| Department of Agriculture                      | \$ | -               | \$ | -                             | \$ 350                            | \$ | 350        |
| Department of Housing & Urban Development      |    |                 |    |                               |                                   |    |            |
| Community Development Block Grant              |    | -               |    | -                             | 1,122,874                         |    | 1,122,874  |
| Emergency Shelter Grant                        |    | -               |    | •                             | 69,821                            |    | 69,821     |
| Home Investment Partnership                    |    | -               |    | •                             | 790,433                           |    | 790,433    |
| Department of Justice                          |    | -               |    | -                             | 575,736                           |    | 575,736    |
| Department of Transportation                   |    | 25,393          |    | 3,257,658                     | 279,531                           |    | 3,562,582  |
| US Secret Service                              |    | -               |    | -                             | 9,595                             |    | 9,595      |
| Environmental Protection Agency                |    | -               |    | -                             | 32,083                            |    | 32,083     |
| Department of Health & Human Services          |    | 25,850          |    | -                             | 380,844                           |    | 406,694    |
| Department of Homeland Security                |    | -               |    | -                             | 1,853,012                         |    | 1,853,012  |
| Total Federal                                  | -  | 51,243          | -  | 3,257,658                     | 5,114,279                         | -  | 8,423,180  |
| State & Local                                  |    |                 |    |                               |                                   |    |            |
| Department of Health & Human Services          |    | -               |    | -                             | 114,065                           |    | 114,065    |
| Department of Revenue                          |    |                 |    |                               |                                   |    |            |
| Motor Vehicle Fuel Tax                         |    | 3,268,531       |    | -                             | -                                 |    | 3,268,531  |
| Motor Vehicle Sales Tax                        |    | 877,793         |    | -                             | -                                 |    | 877,793    |
| Motor Vehicle Fees                             |    | 768,240         |    | -                             | -                                 |    | 768,240    |
| Financial Institutions Tax                     |    | 34,802          |    | -                             | -                                 |    | 34,802     |
| Division of Tourism                            |    | -               |    |                               | 169,122                           |    | 169,122    |
| Department of Public Safety                    |    | -               |    | -                             | 26,511                            |    | 26,511     |
| Missouri Highway and Transportation Commission |    | -               |    | -                             | 3,631                             |    | 3,631      |
| Missouri State Safety Center                   |    | -               |    | -                             | 10,988                            |    | 10,988     |
| Department of Natural Resources                |    | -               |    | -                             | 324,684                           |    | 324,684    |
| Department of Transportation                   |    | -               |    | 184,730                       | -                                 |    | 184,730    |
| Jackson County Anti Drug Tax                   |    | 300,120         |    | -                             | _                                 |    | 300,120    |
| Jackson County DARE                            |    | 353,273         |    | -                             | -                                 |    | 353,273    |
| Jackson County Urban Road System               |    | •               |    | 1,631,735                     | -                                 |    | 1,631,735  |
| Mid America Regional council                   |    | -               |    | -                             | 700                               |    | 700        |
| Healthcare Foundation of Greater Kansas City   |    | -               |    | -                             | 42,328                            |    | 42,328     |
| Total State & Local                            | _  | 5,602,759       | -  | 1,816,465                     | 692,029                           |    | 8,111,253  |
| Grand Total                                    | \$ | 5,654,002       | \$ | 5,074,123                     | \$ 5,806,308                      | \$ | 16,534,433 |

## Notes to Financial Statements

June 30, 2007

Amounts due from other governments at June 30, 2007 are as follows:

|  | _  | Federal   | State   | Local     | Total     |
|--|----|-----------|---------|-----------|-----------|
| General Fund:<br>Department of Health & Human Services | \$ | 29,559    | \$-     | \$-       | \$ 29,559 |
| Department of Revenue                                  |    |           |         |           |           |
| Motor Vehicle Fuel Tax                                 |    | -         | 555,000 | -         | 555,000   |
| Motor Vehicle Sales Tax                                |    | -         | 75,000  | -         | 75,000    |
| Motor Vehicle License Fees                             |    | -         | 176,000 | -         | 176,000   |
| 39th St Transportation Development District            |    | -         | -       | 2,607     | 2,607     |
|  | -  | 29,559    | 806,000 | 2,607     | 838,166   |
| Street Improvements Fund:                              |    |           |         |           |           |
| Department of Transportation                           |    | 1,541,264 | 184,730 | -         | 1,725,994 |
| Jackson County Urban Road System                       |    | -         | -       | 1,100,164 | 1,100,164 |
|  | -  | 1,541,264 | 184,730 | 1,100,164 | 2,826,158 |
| Nonmajor Governmental Funds:                           |    |           |         |           |           |
| Department of Agriculture                              |    | 350       | -       | -         | 350       |
| Department of Justice                                  |    | 208,695   | -       | -         | 208,695   |
| Department of Transportation                           |    | 103,688   | 15,134  | -         | 118,823   |
| US Secret Service                                      |    | 2,053     | -       | -         | 2,053     |
| Environmental Protection Agency                        |    | 33,063    | -       | -         | 33,063    |
| Department of Health & Human Services                  |    | 38,682    | -       | -         | 38,682    |
| Department of Homeland Security                        |    | 24,772    | -       | -         | 24,772    |
| Department of Housing & Urban Development              |    |           |         |           |           |
| Community Development Block Grant                      |    | 182,215   | -       | -         | 182,215   |
| Home Investment Partnership                            |    | 205,404   | -       | -         | 205,404   |
| Missouri Division of Tourism                           |    | -         | 119,863 | -         | 119,863   |
|  | _  | 798,922   | 134,997 |           | 933,920   |

| Totals | \$ | 2,369,745 | \$ | 1,125,727 | \$ | 1,102,771 \$ | 4,598,244 |
|--------|----|-----------|----|-----------|----|--------------|-----------|
|--------|----|-----------|----|-----------|----|--------------|-----------|

.

.

### Notes to Financial Statements

June 30, 2007

## (5) Interfund Activity

## (a) Interfund Balances

Interfund balances at June 30, 2007 consisted of the following:

|                                | Due from<br>Street<br>Improvements | Due from<br>nonmajor<br>governmenta | Total<br>Governmental<br>al <u>Activities</u> | Due from<br>internal<br>service fund | Total        |
|--------------------------------|------------------------------------|-------------------------------------|---|--------------------------------------|--------------|
| Due to:                        |                                    |                                     |   |                                      |              |
| Governmental activities:       |                                    |                                     |   |                                      |              |
| General Fund                   | 2,000,000                          | \$ 1,656,04                         | 9 \$ 3,656,049                                | \$ 75,000                            | \$ 3,731,049 |
| Nonmajor governmental          | 1,422,379                          | 16,15                               | 6 1,438,535                                   |                                      | 1,438,535    |
| Total governmental activities  | 3,422,379                          | 1,672,20                            | 5 5,094,584                                   | 75,000                               | 5,169,584    |
| Business-type activities:      |                                    |                                     |   |                                      |              |
| Power and Light Fund           |                                    | 9,98                                | 3 9,983                                       |                                      | 9,983        |
| Water Fund                     |                                    | 6,00                                | 8 6,008                                       |                                      | 6,008        |
| Sanitary Sewer Fund            | <u> </u>                           | 3,98                                | 3 3,983                                       |                                      | 3,983        |
| Total business-type activities |                                    | 19,97                               | 4 19,974                                      |                                      | 19,974       |
| Total                          | \$ 3,422,379                       | \$ 1,692,17                         | 9 \$ 5,114,558                                | \$ 75,000                            | \$ 5,189,558 |

Interfund payables and receivables represent loans between funds for operating purposes.

## (b) Interfund Charges for Support Services

Interfund charges for support services and rent paid to the General Fund during fiscal year 2007 were as follows:

|                             | ]  | Interfund<br>charges | <u> </u> | Rent    |  |  |  |
|-----------------------------|----|----------------------|----------|---------|--|--|--|
| Nonmajor governmental funds | \$ | 35,000               | \$       | 12,862  |  |  |  |
| Power and Light Fund        |    | 1,680,563            |          | 49,682  |  |  |  |
| Sanitary Sewer Fund         |    | 508,673              |          | 12,195  |  |  |  |
| Water Fund                  |    | 881,278              |          | 26,540  |  |  |  |
|                             | \$ | 3,105,514            | \$       | 101,279 |  |  |  |

Rent charges, which consist of leased office space, are included in other revenue of the General Fund.

#### Notes to Financial Statements

### June 30, 2007

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2007 as follows:

| ¢ | Sanitary Sewer Fund<br>Power and Light Fund | \$    224,474<br>1,077,472 |
|---|---|----------------------------|
|   |   | <u>\$ 1,301,946</u>        |

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2007 as follows:

| Sanitary Sewer Fund<br>Water Fund | \$<br>120,564<br>675,132 |  |
|-----------------------------------|--------------------------|--|
|                                   | \$<br>795,696            |  |

### (c) Payments in Lieu of Taxes

The payments in lieu of taxes of \$9,950,729, \$1,651,501 and \$1,437,233 in fiscal year 2007 by the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively, to the General Fund approximate franchise taxes and real estate taxes on plant in service. The franchise tax rate, established by City ordinance at 9.08%, is applied to gross billed operating revenues less amounts written off to arrive at the franchise tax due the General Fund. Real estate taxes are charged at a set amount.

### (d) Interfund Transfers

Interfund transfers for the year ended June 30, 2007 consisted of the following:

|                          | _  | Transfer from |              |                    |     |                   |                |           |                          |           |
|--------------------------|----|---------------|--------------|--------------------|-----|-------------------|----------------|-----------|--------------------------|-----------|
|                          |    | General       |              | Power and<br>Light |     | Sanitary<br>Sewer |                | Water     | Nonmajor<br>Governmental | Total     |
| Transfers to:            |    |               |              | <u> </u>           | • - | ······            | -              | <u> </u>  |                          |           |
| Street Improvements      | \$ | 145           | \$           | -                  | \$  | -                 | \$             | - \$      | 1,371,616 \$             | 1,371,761 |
| Sanitary Sewer Fund      |    | 105,357       |              | -                  |     |                   |                | -         | •                        | 105,357   |
| Nonmajor governmental    |    | 19,785        |              | 81,983             |     | 81,983            |                | 81,983    | 464,804                  | 730,538   |
| Total Primary Government | \$ | 125,287       | <b>`</b> \$` | 81,983             | \$  | 81,983            | s <sup>—</sup> | 81,983 \$ | 1,836,420 \$             | 2,207,656 |

- (1) Transfers are the result of payment for capital project expenditures.
- (2) Transfers between the General Fund, Power and Light Fund, Sanitary Sewer Fund, Water Fund, represent matching funds required by a federal grant.

## Notes to Financial Statements

June 30, 2007

## (6) Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

|                                    |               | ance<br>0, 2006 | <br>Additions    | <b>I</b>  | Retirements  | J  | Balance<br>une 30, 2007 |
|------------------------------------|---------------|-----------------|------------------|-----------|--------------|----|-------------------------|
| Governmental activities:           |               |                 |                  |           |              |    |                         |
| Nondepreciable capital assets:     |               |                 |                  |           |              |    |                         |
| Land                               | \$ 18         | 8,684,739       | \$<br>964,962    | \$        | (687,678)    | \$ | 18,962,023              |
| Construction work in progress      |               | 3,254,476       | <br>39,651,258   |           | (34,347,045) |    | 58,558,689              |
| Total nondepreciable               |               |                 |                  |           |              |    |                         |
| capital assets                     | 7             | ,939,215        | <br>40,616,220   |           | (35,034,723) |    | 77,520,712              |
| Depreciable capital assets:        |               |                 |                  |           |              |    |                         |
| Land improvements                  |               | 255,647         | -                |           | -            |    | 255,647                 |
| Buildings                          | 13            | 3,071,535       | 872,628          |           | -            |    | 13,944,163              |
| Building improvements              |               | ,458,530        | 2,712,893        |           | -            |    | 12,171,423              |
| Improvements other than buildings  |               | ,665,388        | 13,853,174       |           | -            |    | 28,518,562              |
| Office furniture and equipment     |               | 879,553         | 45,787           |           | (93,459)     |    | 831,881                 |
| Computer equipment                 |               | 930,231         | 537,112          |           | (16,268)     |    | 1,451,075               |
| Mobile equipment                   | 17            | ,678,845        | 2,538,149        |           | (621,898)    |    | 19,595,096              |
| Other equipment                    | 3             | ,072,551        | 1,018,541        |           | (26,379)     |    | 4,064,713               |
| Infrastructure                     | 173           | 3,169,758       | <br>18,962,690   |           | <b>-</b>     |    | 192,132,448             |
| Total depreciable                  |               |                 |                  |           |              |    |                         |
| capital assets                     | 233           | ,182,038        | <br>40,540,974   |           | (758,004)    |    | 272,965,008             |
| Less accumulated depreciation for: |               |                 |                  |           |              |    |                         |
| Land improvements                  |               | (46,445)        | (20,695)         |           | -            |    | (67,140)                |
| Buildings                          | (6            | 5,078,242)      | (361,037)        |           | -            |    | (6,439,279)             |
| Building improvements              | (1            | ,591,016)       | (524,197)        |           | -            |    | (2,115,213)             |
| Improvements other than buildings  | (1            | ,116,919)       | (1,127,835)      |           | -            |    | (2,244,754)             |
| Office furniture and equipment     |               | (857,818)       | (12,350)         |           | 93,459       |    | (776,709)               |
| Computer equipment                 |               | (517,037)       | (172,121)        |           | 16,268       |    | (672,890)               |
| Mobile equipment                   | (10           | ,593,494)       | (1,603,163)      |           | 590,832      |    | (11,605,825)            |
| Other equipment                    | (1            | ,760,157)       | (322,491)        |           | 26,379       |    | (2,056,269)             |
| Infrastructure                     | (98           | ,275,358)       | <br>(5,474,501)  |           | -            |    | (103,749,859)           |
| Total accumulated                  |               |                 |                  |           |              |    |                         |
| depreciation                       | (120          | ,836,486)       | <br>(9,618,390)  |           | 726,938      |    | (129,727,938)           |
| Total depreciable                  |               |                 |                  |           |              |    |                         |
| capital assets, net                | 112           | ,345,552        | 30,922,584       |           | (31,066)     |    | 143,237,070             |
| Governmental activities            |               |                 |                  |           |              |    |                         |
| capital assets, net                | <u>\$ 184</u> | ,284,767        | \$<br>71,538,804 | <u>\$</u> | (35,065,789) |    | 220,757,782             |
|                                    |               |                 |                  |           |              |    |                         |

•

## Notes to Financial Statements

## June 30, 2007

Depreciation expense was charged to functions as follows:

.

.

| General government   | \$<br>279,475   |
|--|-----------------|
| Public safety  | 1,880,920       |
| Public works   | 5,356,866       |
| Health and welfare   | 57,854          |
| Culture and recreation   | 1,327,748       |
| Community development  | 68,360          |
| Storm water  | 646,617         |
| Total  | <br>9,617,840   |
| In addition, depreciation on capital assets held by the City's |                 |
| Central Garage Fund is charged to the various functions        |                 |
| based on their usage of the assets                             | 550             |
| Total depreciation expense                                     | \$<br>9,618,390 |

(Continued)

-

## Notes to Financial Statements

June 30, 2007

|                                | Balance |               |              |              | Balance |               |  |  |
|--------------------------------|---------|---------------|--------------|--------------|---------|---------------|--|--|
|                                |         | June 30, 2006 | Additions    | Retirements  |         | June 30, 2007 |  |  |
| Business-type activities:      |         |               |              |              |         |               |  |  |
| Power and Light Fund:          |         |               |              |              |         |               |  |  |
| Nondepreciable capital assets: |         | r             |              |              |         |               |  |  |
| Land                           | \$      | 2,948,206     | \$-          | \$-          | \$      | 2,948,206     |  |  |
| Construction in progress       |         | 12,364,881    | 28,020,933   | (16,055,481) |         | 24,330,333    |  |  |
| Total nondepreciable           |         |               |              |              |         |               |  |  |
| capital assets                 |         | 15,313,087    | 28,020,933   | (16,055,481) |         | 27,278,539    |  |  |
| Depreciable capital assets:    |         |               |              |              |         |               |  |  |
| Acquisition adjustment         |         | 2,755,568     | -            | -            |         | 2,755,568     |  |  |
| Production plant               |         | 144,971,891   | 333,072      | -            |         | 145,304,963   |  |  |
| Transmission plant             |         | 21,862,715    | 703,488      | (6,585)      |         | 22,559,618    |  |  |
| Distribution plant             |         | 101,144,438   | 7,689,274    | (766,880)    |         | 108,066,832   |  |  |
| General plant                  |         | 17,071,470    | 944,153      | (165,525)    |         | 17,850,098    |  |  |
| Total depreciable              |         |               |              |              |         |               |  |  |
| capital assets                 |         | 287,806,082   | 9,669,987    | (938,990)    |         | 296,537,079   |  |  |
| Less accumulated depreciation: |         |               |              |              |         |               |  |  |
| Acquisition adjustment         |         | (2,755,568)   | -            | -            |         | (2,755,568)   |  |  |
| Production plant               |         | (97,666,854)  | (4,933,777)  | -            |         | (102,600,631) |  |  |
| Transmission plant             |         | (11,179,962)  | (608,825)    | 10,394       |         | (11,778,393)  |  |  |
| Distribution plant             |         | (36,104,008)  | (3,363,202)  | 1,599,713    |         | (37,867,497)  |  |  |
| General plant                  |         | (13,008,644)  | (1,117,756)  | 165,525      |         | (13,960,875)  |  |  |
| Total accumulated              |         |               |              |              |         |               |  |  |
| depreciation                   |         | (160,715,036) | (10,023,560) | 1,775,632    |         | (168,962,964) |  |  |
| Total depreciable capital      |         |               |              |              |         |               |  |  |
| assets, net                    |         | 127,091,046   | (353,573)    | 836,642      |         | 127,574,115   |  |  |
| Total power and light          |         |               |              |              |         |               |  |  |
| capital assets                 |         | 142,404,133   | 27,667,360   | (15,218,839) |         | 154,852,654   |  |  |

## Notes to Financial Statements

June 30, 2007

.

•

|                                | Balance<br>June 30, 2006 Additions |             | Retirements | Balance<br>June 30, 2007 |
|--------------------------------|------------------------------------|-------------|-------------|--------------------------|
| Water Fund:                    | <u> </u>                           |             |             |                          |
| Nondepreciable capital assets: |                                    |             |             |                          |
| Land                           | \$ 2,164,725                       | \$-         | \$-         | \$ 2,164,725             |
| Construction in progress       | 1,375,253                          | 4,455,421   | (3,715,519) | 2,115,155                |
| Total nondepreciable           |                                    |             |             |                          |
| capital assets                 | 3,539,978                          | 4,455,421   | (3,715,519) | 4,279,880                |
| Depreciable capital assets:    |                                    |             |             |                          |
| Acquisition adjustment         | 12,547,766                         | -           | -           | 12,547,766               |
| Nonutility property            | 40,014                             | -           | -           | 40,014                   |
| Source of supply               | 7,129,326                          | -           | -           | 7,129,326                |
| Pumping plant                  | 15,537,565                         | 114,646     | (1,261,394) | 14,390,817               |
| Treatment plant                | 22,235,528                         | 237,870     | (216,850)   | 22,256,548               |
| Transmission plant             | 60,273,452                         | 3,824,759   | (369,402)   | 63,728,809               |
| General plant                  | 5,806,686                          | 466,809     | (302,712)   | 5,970,783                |
| Total depreciable              |                                    |             |             |                          |
| capital assets                 | 123,570,337                        | 4,644,084   | (2,150,358) | 126,064,063              |
| Less accumulated depreciation: |                                    |             |             |                          |
| Acquisition adjustment         | (8,923,191)                        | (371,752)   | -           | (9,294,943)              |
| Nonutility property            | (14,000)                           | -           | -           | (14,000)                 |
| Source of supply               | (3,948,280)                        | (391,581)   |             | (4,339,861)              |
| Pumping plant                  | (1,507,701)                        | (286,994)   | 1,261,394   | (533,301)                |
| Treatment plant                | (4,384,894)                        | (456,595)   | 216,848     | (4,624,641)              |
| Transmission plant             | (6,936,324)                        | (726,592)   | 391,985     | (7,270,931)              |
| General plant                  | (2,648,282)                        | (339,272)   | 317,865     | (2,669,689)              |
| Total accumulated              |                                    |             |             |                          |
| depreciation                   | (28,362,672)                       | (2,572,786) | 2,188,092   | (28,747,366)             |
| Total depreciable capital      |                                    |             |             |                          |
| assets, net                    | 95,207,665                         | 2,071,298   | 37,734      | 97,316,697               |
| Total water capital assets     | 98,747,643                         | 6,526,719   | (3,677,785) | 101,596,577              |

### Notes to Financial Statements

June 30, 2007

|                                | Balance<br>June 30, 2006 Additions |               | Retirements    | Balance<br>June 30, 2007 |
|--------------------------------|------------------------------------|---------------|----------------|--------------------------|
| Sanitary Sewer Fund:           |                                    |               |                | •                        |
| Nondepreciable capital assets: |                                    |               |                |                          |
| Land                           | \$ 330,191                         | \$-           | \$-            | \$ 330,191               |
| Construction in progress       | 10,263,871                         | 3,192,554     | (10,264,372)   | 3,192,053                |
| • Total nondepreciable         |                                    |               |                |                          |
| capital assets                 | 10,594,062                         | 3,192,554     | (10,264,372)   | 3,522,244                |
| Depreciable capital assets:    |                                    |               |                |                          |
| Nonutility property            | 46,368                             | -             | -              | 46,368                   |
| Collection plant               | 72,455,927                         | 10,156,272    | (920)          | 82,611,279               |
| Pumping plant                  | 4,951,402                          | 82,104        | -              | 5,033,506                |
| Treatment plant                | 14,009,977                         | 1,223,630     | (23,308)       | 15,210,299               |
| General plant                  | 3,990,054                          | 230,187       | (172,750)      | 4,047,491                |
| T otal depreciable             |                                    |               |                |                          |
| cap ital assets                | 95,453,728                         | 11,692,193    | (196,978)      | 106,948,943              |
| Less accumulated depreciation: |                                    |               |                |                          |
| Nonutility property            | (46,368)                           | -             | -              | (46,368)                 |
| Collection plant               | (19,386,393)                       | (914,596)     | 920            | (20,300,069)             |
| Pumping plant                  | (5,170,305)                        | (220,673)     | -              | (5,390,978)              |
| Treatment plant                | (14,034,532)                       | (875,751)     | 23,308         | (14,886,975)             |
| General plant                  | (4,338,174)                        | (310,123)     | 125,177        | (4,523,120)              |
| T otal accumulated             | •                                  |               |                |                          |
| depreciation                   | (42,975,772)                       | (2,321,143)   | 149,405        | (45,147,510)             |
| Total depreciable capital      |                                    |               |                |                          |
| assets, net                    | 52,477,956                         | 9,371,050     | (47,573)       | 61,801,433               |
| Total sewer capital assets     | 63,072,018                         | 12,563,604    | (10,311,945)   | 65,323,677               |
| Total business-type activities | <u> </u>                           |               |                |                          |
| capital assets                 | \$ 304,223,794                     | \$ 46,757,683 | \$(29,208,569) | \$ 321,772,908           |

Depreciation expense was charged to functions as follows:

| Business-type activities:                           |     |            |
|---|-----|------------|
| Power and light                                     | \$  | 9,429,199  |
| Water   |     | 2,388,295  |
| Sanitary sewer                                      | _   | 2,321,143  |
| Total business-type activities depreciation expense | \$_ | 14,138,637 |

Depreciation charged to Power and Light and Water funds are different because certain depreciation related to utility vehicles and heavy equipment are charged to clearing accounts and redistributed to various operating, construction, and other capital accounts.

### Notes to Financial Statements

June 30, 2007

### (7) Long-Term Obligations

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "city purposes," not to exceed 10% of the assessed value of taxable tangible property. The State Constitution also permits a city, by vote of two-thirds of the voting electorate under a special election or four-sevenths under a general election, to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric, or other light and plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property.

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2007:

|                           |    | Beginning<br>balance |         | Additions  | R            | leductions | Ending<br>balance |    | mount due<br>within<br>one year |
|---------------------------|----|----------------------|---------|------------|--------------|------------|-------------------|----|---------------------------------|
| Governmental activities:  |    |                      |         |            | <u> </u>     |            |                   |    |                                 |
| Loans and notes payable:  |    |                      |         |            |              |            |                   |    |                                 |
| Loans payable             | \$ | 18,424,489           | \$      | 8,255,000  | \$           | 3,028,378  | \$<br>23,651,111  | \$ | 3,156,625                       |
| Capital lease obligations |    | 737,370              |         | 144,129    |              | 169,016    | 712,483           |    | 136,600                         |
| Neighborhood Improvement  |    |                      |         |            |              |            |                   |    |                                 |
| District                  |    | 983,000              |         | -          |              | 59,000     | 924,000           |    | 59,000                          |
| Premium (discount), net   |    | 164,578              |         | 78,680     |              | 24,741     | 218,517           |    | -                               |
| Total loans and           |    |                      |         |            |              |            |                   |    |                                 |
| notes payable             | -  | 20,309,437           |         | 8,477,809  |              | 3,281,135  | <br>25,506,111    |    | 3,352,225                       |
| Other liabilities:        |    |                      |         |            |              |            |                   | -  |                                 |
| Compensated absences      |    | 12,496,408           | <u></u> | 5,494,619  | <del>-</del> | 4,744,112  | <br>13,246,915    |    | 5,051,415                       |
|                           | \$ | 32,805,845           | \$      | 13,972,428 | \$           | 8,025,247  | \$<br>38,753,026  | \$ | 8,403,640                       |

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

## Notes to Financial Statements

June 30, 2007

|                                | Beginning<br>balance | -  | Additions | F  | Reductions |     | Ending<br>balance | A  | mount due<br>within<br>one year |
|--------------------------------|----------------------|----|-----------|----|------------|-----|-------------------|----|---------------------------------|
| Business-type activities:      |                      |    |           |    |            |     |                   |    |                                 |
| Power and Light Fund:          |                      |    |           |    |            |     |                   |    |                                 |
| Revenue bonds                  | \$<br>18,520,000     | \$ | -         | \$ | 1,995,000  | \$  | 16,525,000        | \$ | 2,065,000                       |
| Less deferred amount on        |                      |    |           |    |            |     |                   |    |                                 |
| refunding                      | (1,748,677)          |    | -         |    | (221,715)  |     | (1,526,962)       |    | -                               |
| Total revenue bonds            | <br>16,771,323       |    | -         |    | 1,773,285  |     | 14,998,038        |    | 2,065,000                       |
| Compensated absences           | <br>4,145,207        |    | 1,728,989 |    | 1,727,111  |     | 4,147,085         |    | 1,136,345                       |
| Total Power and Light Fund     | <br>20,916,530       |    | 1,728,989 |    | 3,500,396  |     | 19,145,123        |    | 3,201,345                       |
| Water Fund:                    |                      |    |           |    |            |     |                   |    |                                 |
| Revenue bonds                  | 42,590,000           |    | -         |    | 2,040,000  |     | 40,550,000        |    | 2,200,000                       |
| Compensated absences           | 1,244,653            |    | 548,049   |    | 514,465    |     | 1,278,237         |    | 381,949                         |
| Other long-term obligations    | <br>-                |    | 1,581,868 |    | 195,103    |     | 1,386,765         |    | 551,061                         |
| Total Water Fund               | <br>43,834,653       |    | 2,129,917 |    | 2,749,568  |     | 43,215,002        |    | 3,133,010                       |
| Sanitary Sewer Fund:           | <br>                 |    |           |    |            |     |                   |    |                                 |
| Compensated absences           | 767,928              |    | 401,125   |    | 313,639    |     | 855,414           |    | 266,467                         |
| Total Sanitary Sewer Fund      |                      |    |           |    |            |     |                   |    |                                 |
|                                | <br>767,928          |    | 401,125   |    | 313,639    |     | 855,414           |    | 266,467                         |
| Total business-type activities | <br>65,519,111       | \$ | 4,260,031 | \$ | 6,563,603  | _\$ | 63,215,539        | \$ | 6,600,822                       |

|                                     | Beginning<br>balance | Additions     | Reductions    | Ending<br>balance     | Amount due<br>within<br>one year |
|-------------------------------------|----------------------|---------------|---------------|-----------------------|----------------------------------|
| Dicretely-presented component unit: |                      |               |               |                       |                                  |
| TIF loans                           | \$ 126,985,000       | \$ 65,475,000 | \$ 42,030,000 | \$ 150,430,000        | \$ 3,290,000                     |
| Loans payable                       | 280,512              | -             | 66,622        | 213,890               | 68,375                           |
| Premium (discount), net             | (1,305,261)          | (400,292)     | 327,116       | (1,378,437)           | -                                |
| Deferred amount on refunding        | <u> </u>             | (934,702)     | 10,421        | (924,281)             |                                  |
|                                     | 125,960,251          | 64,140,006    | 42,434,159    | 148,341,172           | 3,358,375                        |
| Developer obligations               | 13,262,729           | 6,856,837     | 1,556,651     | 18,562,915            |                                  |
|                                     | \$ 139,222,980       | \$ 70,996,843 | \$ 43,990,810 | <u>\$ 166,904,087</u> | \$ 3,358,375                     |

(Continued)

.

### Notes to Financial Statements

.

2018-2022

2023-2025

June 30, 2007

Debt service requirements on long-term debt with schedules maturities at June 30, 2007 are as follows:

|           |        |               |           |   | Gevernmen   | tal acti | vities    |       |            |     |           |  |
|-----------|--------|---------------|-----------|---|-------------|----------|-----------|-------|------------|-----|-----------|--|
|           |        | Loans payable |           |   | NID Payable |          |           | Total |            |     |           |  |
|           | Princi | ipal          | Interest  | 1 | Principal   |          | Interest  |       | Principal  |     | Interest  |  |
| 2008      | 3,     | 156,625 \$    | 1,023,587 | S | 59,000      | s        | 1,551     |       | 3,215,625  | S   | 1,025,138 |  |
| 2009      | 7,     | ,064,872      | 895,084   |   | 64,000      |          | 1,608     |       | 7,128,872  |     | 896,691   |  |
| 2010      | 2,     | ,834,614      | 602,522   |   | 64,000      |          | 1,615     |       | 2,898,614  |     | 604,137   |  |
| 2011      | 2,     | 755,000       | 468,614   |   | 69,000      |          | 1,659     |       | 2,824,000  |     | 470,273   |  |
| 2012      | 2,     | 870,000       | 347,503   |   | 69,000      |          | 1,578     |       | 2,939,000  |     | 349,081   |  |
| 2013-2017 | 4,     | ,970,000      | 377,588   |   | 231,000     |          | 5,853     |       | 5,201,000  |     | 383,440   |  |
| 2018-2022 |        | -             | -         |   | 348,000     |          | 9,216     |       | 348,000    |     | 9,216     |  |
| 2023-2024 |        | -             | -         |   | 20,000      |          | 588       |       | 20,000     |     | 588       |  |
|           | \$ 23, | 651,111 \$    | 3,714,897 | 5 | 924,000     | 5        | 23,666    | \$    | 24,575,111 | \$  | 3,738,562 |  |
|           |        |               |           |   | Business-ty | pe acti  | ities     |       |            |     |           |  |
|           |        | Power and L   | ight      | _ | Water       |          |           | Total |            | tal |           |  |
|           | Princ  | ipal          | Interest  |   | Principal   |          | Interest  |       | Principal  |     | Interest  |  |
| 2008      | \$ 2,  | ,065,000 \$   | 708,218   | 5 | 2,200,000   | \$       | 1,852,685 | s     | 4,265,000  | s   | 2,560,903 |  |
| 2009      | 2,     | 155,000       | 628,693   |   | 2,380,000   |          | 1,760,459 |       | 4,535,000  |     | 2,389,151 |  |
| 2010      | 2,     | ,245,000      | 541,363   |   | 2,525,000   |          | 1,660,033 |       | 4,770,000  |     | 2,201,396 |  |
| 2011      | 2,     | ,345,000      | 445,838   |   | 2,765,000   |          | 1,548,508 |       | 5,110,000  |     | 1,994,345 |  |
| 2012      | 2      | 455,000       | 344,238   |   | 2,950,000   |          | 1,424,270 |       | 5,405,000  |     | 1,768,508 |  |
| 2013-2017 | 5,     | 260,000       | 358,300   |   | 20,195,000  |          | 4,628,910 |       | 25,455,000 |     | 4,987,210 |  |
|           |        |               |           |   |             |          |           |       |            |     |           |  |

4,370,000

3,165,000

40,550,000

5

1,341,788

14,459,027

242,375

.

s

4,370,000

3,165,000

57,075,000

S

1,341,788

17,485,674

242,375

|           | <br>              |   |            | Dis | cretely-present | ied comp | enent unit | <br>              |     |            |
|-----------|-------------------|---|------------|-----|-----------------|----------|------------|-------------------|-----|------------|
|           | <br>TIF           |   |            |     | Lonus           | payable  |            | <br>Tei           | tut |            |
|           | <br>Principal     |   | Interest   | E   | rincipal        | I        | aterest    | Principal         |     | Interest   |
| 2008      | \$<br>3,290,000   | s | 7,561,608  | \$  | 68,375          | s        | 9,204      | \$<br>3,358,375   | 5   | 7,570,812  |
| 2009      | 4,680,000         |   | 7,739,359  |     | 70,128          |          | 6,333      | 4,750,128         |     | 7,745,692  |
| 2010      | 4,610,000         |   | 7,518,441  |     | 75,387          |          | 3,317      | 4,685,387         |     | 7,521,758  |
| 2011      | 5,210,000         |   | 7,314,973  |     |                 |          | -          | 5,210,000         |     | 7,314,973  |
| 2012      | 5,415,000         |   | 6,978,266  |     | -               |          |            | 5,415,000         |     | 6,978,266  |
| 2013-2017 | 30,940,000        |   | 30,760,526 |     | -               |          | •          | 30,940,000        |     | 30,760,526 |
| 2018-2022 | 45,070,000        |   | 21,090,390 |     |                 |          | -          | 45,070,000        |     | 21,090,390 |
| 2023-2028 | <br>51,215,000    |   | 9,567,444  |     |                 |          | -          | <br>51,215,000    |     | 9,567,444  |
|           | \$<br>150,430,000 | S | 98,531,008 | 5   | 213,890         | s        | 18,854     | \$<br>150,643,890 | s   | 98,549,862 |

-

3,026,648 \$

-

16,525,000 \$

\$

Notes to Financial Statements

June 30, 2007

### (a) Governmental activities

### (1) Loans Payable

On June 1, 2000, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$530,000, due in annual installments of \$40,000 to \$65,000 through June 1, 2010 and bearing interest at 5.00% to 6.25%. The proceeds of the bond issuance are to be used for improvements, renovations, and other upgrades to various buildings owned by the City.

On August 1, 2001, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$1,635,000, due in annual installments of \$160,000 to \$215,000 through June 1, 2010, and bearing interest at 4.20% to 4.40%. The proceeds of the bond issuance are to be used for improvements, renovations, and other upgrades to various buildings owned by the City, software for the Fire Department, and additional funding for Hartman Heritage Tax Increment Financing Project. The portion of the loan payable related to the Hartman Heritage Tax Increment Financing Project is included in the liabilities of the discretely presented component unit. Restricted assets in the General Fund of \$224,134 consist of funds available for costs related to this debt.

On May 1, 2004, the City refinanced a loan payable with the Missouri Development Finance Board in the amount of \$1,245,000, due in annual installments of \$230,000 to \$270,000 through June 1, 2009, and bearing interest at 2.25% to 4.25%. The proceeds will be used for the restoration of the Truman Memorial Building.

On May 26, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$4,970,000, due in semiannual installments of \$590,000 to \$665,000 through April 1, 2009, and bearing interest at 3.25% to 4.00%. The proceeds of the bond issuance are to be used for street projects.

On February 1, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$6,175,000, due in annual installments of \$300,000 to \$450,000 through February 1, 2013, and bearing interest at 3.00% to 5.00%. The proceeds of the bond issuance are to be used for the aquatics facilities project.

On February 25, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$8,225,000, due in annual installments of \$670,000 to \$1,010,000 through March 1, 2015, and bearing interest at 4.00% to 5.25%. The proceeds of the bond issuance are to be used for public safety facilities projects.

On December 12, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$5,485,000, due in annual installments of \$1,010,000 to \$1,190,000 through April 1, 2013, and bearing interest at 4.25%. The proceeds of the bond issuance are to be used for park projects.

On December 12, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$2,770,000 due in one annual installment due April 1, 2009, and bearing interest at 4.25%. The proceeds of the bond issuance are to be used for street projects.

#### Notes to Financial Statements

June 30, 2007

### (2) Neighborhood Improvement District

The Neighborhood Improvement District Bonds constitute a valid and legally binding indebtedness of the City, payable as to both principal and interest from special assessments to be assessed on certain real property within the District which will be benefited by the improvements and, if not so paid, from moneys in the Bond Reserve Fund and, to the extent required, from first available moneys in the City's general fund or other legally available fund. The full faith and credit of the City are irrevocably pledged for the prompt payment, when due, of the principal and interest on the Bonds; provided, however, the City is not obligated nor authorized to levy taxes for the purpose of paying principal of or interest on the Bonds and the taxing power of the City is not pledged to the payment of the Bonds.

On May 15, 2004, the City issued \$995,000 Neighborhood Improvement Bonds for Noland Road and Englewood Improvements, due in annual installments of \$55,000 to \$85,000 through March 1, 2019 and bearing interest at 4.5% to 5.75%.

On August 17, 2004, the City issued \$111,000 Neighborhood Improvement Bonds for the Fall Drive Sanitary Sewer Project, due in annual installments of \$5,000 to \$6,000 through March 1, 2024 and bearing interest at 5.375% to 5.5%.

### (3) Capital Lease Obligations

Capital leases payable at June 30, 2007 are comprised of the following:

| Governmental funds:  |               |
|--|---------------|
| Emergency One, Inc, interest at 6.31%, annual installments through |               |
| October 2007; a lease to purchase an Emergency One Model           |               |
| V803 Commercial Pumper Fire Apparatus                              | \$<br>21,549  |
| IBM Corporation, interest at 2.64% to 6.10%, monthly installments  |               |
| through 2008 for computer equipment                                | 2,474         |
| Sun Trust Leasing, interest at 4.19%, annual installments          |               |
| through July 2013; a lease to purchase a fire truck                | 555,685       |
| IBM Corporation, interest at 4.057%, due in monthly installments   |               |
| through April 1, 2010 for computer equipment                       | <br>132,776   |
|  | \$<br>712,484 |

The cumulative amount of assets acquired under the capital leases described above amounted to \$2,186,283 as of June 30, 2007.

### Notes to Financial Statements

June 30, 2007

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

| Year ending June 30:                    |               |
|---|---------------|
| 2008                                    | \$<br>165,747 |
| 2009                                    | 144,340       |
| 2010                                    | 135,823       |
| 2011                                    | 93,234        |
| 2012                                    | 93,234        |
| 2013 - 2014                             | <br>186,468   |
|   | 818,846       |
| Less imputed interest                   | <br>(106,362) |
| Present value of minimum lease payments | \$<br>712,484 |

## (b) Business-type Activities

### (1) Revenue Bonds

Revenue bonds payable at June 30, 2007 are comprised of the following individual issues:

| <ul> <li>Power and light fund:</li> <li>\$23,520,000 1998 Electric Utility Refunding Bonds, due in annual installments of \$700,000 to \$2,040,000 through June 1, 2014, interest at 4.0% to 4.8%, callable at par after June 1, 2003</li> <li>\$5,975,000 2003 Electric Utility Refunding Revenue Bonds, due in annual installments of \$435,000 to \$660,000 through June 1, 2014,</li> </ul>                          | \$  | 12,490,000  |
|--|-----|-------------|
| interest at 2.0% to 3.65%  |     | 4,035,000   |
| Less deferred amount on refunding  | _   | (1,526,962) |
| Total power and light fund   | -   | 14,998,038  |
| Water fund:  |     |             |
| <ul> <li>\$36,000,000 1986 Water Utility Remarketing Bonds, principal due in annual installments of \$850,000 to \$5,010,000 through June 30, 2017, interest at approximately 3.25% to 5.0%</li> <li>\$14,785,000 2004 Missouri Development Finance Board Infrastructure Facilities Revenue bonds, principal due in annual installments of \$490,000 to \$1,105,000 from November 1, 2005 through November 1,</li> </ul> |     | 26,755,000  |
| 2024, interest approximately 3.375% to 5.0%.   | _   | 13,795,000  |
| Total water fund   | -   | 40,550,000  |
| Total revenue bonds  | \$_ | 55,548,038  |

### Notes to Financial Statements

June 30, 2007

The power and light revenue bond ordinance and the water revenue bond indenture require that the systems be accounted for in separate enterprise funds. They also require that after sufficient current assets have been set aside to operate the systems, all remaining monies held in the funds be segregated and restricted in separate special reserves and accounts in the following sequences:

| Account                                 | Restriction   |  |  |  |  |  |
|---|---|--|--|--|--|--|
| Principal and interest                  | For the monthly accumulation of monies to<br>meet the maturing revenue bond principal-<br>and-interest requirements |  |  |  |  |  |
| Depreciation and emergency (water only) | For the accumulation of \$500,000 to finance<br>emergency repairs and system improvements                           |  |  |  |  |  |

Surplus account monies are reflected as unrestricted cash. The required reserves are reported in the accompanying statement of net assets as restricted assets as follows:

|  |    |                    | Ente | rprise funds      |                       |
|--|----|--------------------|------|-------------------|-----------------------|
| Account  | P  | ower and<br>Light  |      | Water             | <br>Sanitary<br>Sewer |
| Principal and interest<br>Depreciation and emergency | \$ | 231,101            | \$   | 500,000           | \$<br>-               |
| Total revenue bond reserves                          |    | 231,101            |      | 500,000           | -                     |
| Customer deposits<br>Workers' compensation           |    | 966,143<br>135,480 |      | 261,803<br>35,753 | <br>191,255<br>28,767 |
| Total  | \$ | 1,332,724          | \$   | 797,556           | \$<br>220,022         |

Various bond ordinances and indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. The City is in compliance with all such financial limitations and restrictions.

Restricted assets in the General Fund of \$439,988 at June 30, 2007 consist of cash on deposit for a debt service reserve (note 14) and for municipal court bond deposits.

### Notes to Financial Statements

June 30, 2007

### (2) Other Obligations

The City entered into an agreement to pay \$1,581,868 to two of its wholesale water customers to settle a dispute. The remaining future obligations as of June 30, 2007 are as follows:

Year ending June 30:

| 2008 | \$<br>551,061 |
|------|---------------|
| 2009 | 563,785       |
| 2010 | 271,919       |
|      | 1,386,765     |

### (c) Discretely-presented component unit

### (1) Tax Increment Financing Loans

The City's tax increment financing loan indebtedness is recorded as a liability of the TIF Commission to match revenue streams to the related debt for which they have been pledged. The obligation of the City and the Commission to pay principal and interest on these bonds is limited solely to the tax increment financing (TIF) revenues generated from each project. Should TIF revenues not be sufficient to meet the required debt service obligations, neither the City nor the Commission is obligated to make such bond payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. Management does not anticipate that any of the City's general funds will be required to make up any deficiency in bond payments during the next fiscal year.

The following is a description of the individual TIF loans payable:

On June 1, 1999, the City entered into a \$7,240,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$270,000 to \$835,000 through June 1, 2011 and bearing interest at 4.0% to 5.25%. The proceeds of the loan are to be used for costs related to redevelopment of Bolger Square.

On April 1, 2000, the City issued an \$11,850,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$120,000 to \$1,235,000 through April 1, 2021 and bearing interest at 5.1% to 6.0%. The proceeds of the loan are to be used for costs related to redevelopment of Hartman Heritage area. This loan payable was refunded during the 2006-2007 fiscal year, see note on advance refunding below.

On May 1, 2000, the City issued a \$5,595,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$275,000 to \$800,000 through April 1, 2012 and bearing interest at 5.15% to 5.75%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

#### Notes to Financial Statements

June 30, 2007

On November 1, 2000, the City issued a \$12,815,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$120,000 to \$1,235,000 through April 1, 2020 and bearing interest at 5.37% to 6%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On August 1, 2001, the City issued a \$10,230,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$165,000 to \$1,865,000 through April 1, 2023 and bearing interest at 4.375% to 5.25%. The proceeds of the loan are to be used for costs related to the redevelopment of the Santa Fe area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On November 1, 2001, the City issued a \$1,425,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$15,000 to \$160,000 through April 1, 2021 and bearing interest at 2.4% to 5.25%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On November 1, 2002, the City issued a \$3,480,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$75,000 to \$845,000 through April 1, 2012 and bearing interest at 3.5% to 5.13%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On September 1, 2003, the City issued a \$8,715,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$135,000 to \$2,675,000 through April 1, 2021 and bearing interest at 2.0% to 5.0%. The proceeds of the loan are to be used for costs related to the redevelopment of the Hartman Heritage area.

On February 25, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$1,030,000, due in annual installments of \$50,000 to \$85,000 through March 1, 2020, and bearing interest at 3.00% to 4.50%. The proceeds of the loan are to be used for the Drumm Farm Tax Increment Financing Project.

On February 25, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$11,325,000, due in annual installments of \$185,000 to \$1,270,000 through March 1, 2026, and bearing interest at 4.00% to 5.00%. The proceeds of the loan are to be used for the Crackerneck Creek Tax Increment Financing Project.

On March 30, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$48,370,000 due in annual installments of \$340,000 to \$8,225,000 through March 1, 2026, and bearing interest at 5.30% to 6.00%. The proceeds of the loan are to be used for the Crackerneck Creek Tax Increment Financing Project.

On March 30, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$12,790,000 due in annual installments of \$3,500,000 to \$5,385,000 beginning March 1, 2026 through March 1, 2028, and bearing interest at 5.00%. The proceeds of the loan are to be used for the Crackerneck Creek Tax Increment Financing Project.

#### Notes to Financial Statements

June 30, 2007

On May 17, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$1,590,000, due in annual installments of \$70,000 to \$170,000 through March 1, 2020, and bearing interest at 4.00% to 4.625%. The proceeds of the loan are to be used for the Drumm Farm Tax Increment Financing Project.

On December 1, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of 4,980,000, due in annual installments of 120,000 to 445,000 through April 1,2028, and bearing interest at 4.00% to 4.25%. The proceeds of the loan are to be used for the HCA – Center Point Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$19,390,000, due in annual installments of \$815,000 to \$2,570,000 through April 1,2022, and bearing interest at 4.00% to 5.00%. The proceeds of the loan were used to refund the loans for the Eastland Center area Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$10,330,000, due in annual installments of \$555,000 to \$1,060,000 through April 1, 2020, and bearing interest at 4.00% to 5.00%. The proceeds of the loan were used to refund the loan for the Hartman Heritage Center Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$10,060,000, due in annual installments of \$385,000 to \$1,795,000 through April 1, 2023, and bearing interest at 5.41% to 6.096%. The proceeds of the loan were used to refund the loan for the Santa Fe Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$995,000, due in annual installments of \$70,000 to \$80,000 through April 1, 2020, and bearing interest at 4.00% to 4.50%. The proceeds of the loan are to be used for the Drumm Farm Tax Increment Financing Project.

On June 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$19,720,000, due in annual installments of \$425,000 to \$2,670,000 through April 1, 2028, and bearing interest at 4.75% to 5.125%. The proceeds of the loan are to be used for the HCA – Center Point Tax Increment Financing Project.

Restricted assets held by the Commission of \$71,892,933 consist of funds available for costs related to the redevelopment of the Bolger Square, Crackerneck Creek, Drumm Farm, Hartman Heritage, Sante Fe, Eastland Center, and HCA areas.

(a) Advance Refunding

On May 1, 2007, the City entered into a loan payable with the Missouri Department of Finance Board for the Eastland Center, Hartman Heritage Center, and Sante Fe Redevelopment projects in the amounts of \$19,390,000, \$10,330,000, and \$10,060,000 respectively; of Refunding TIF loans with interest rates ranging from 4.00% to 6.096% to advance refund \$19,230,000, \$9,975,000, and \$9,640,000 of outstanding loan payables, with interest rates ranging from 2.4% to 6.0%. The net proceeds of \$40,031,039 were deposited in a trust with an escrow agent to provide for all future debt service payments on the refunded loans payable. As a result, the loans payable are considered defeased and the related liability for these loans has been removed from the long-term debt.

(Continued)

### Notes to Financial Statements

#### June 30, 2007

The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$934,702. This amount is reported as a deduction from TIF loans payable and is amortized over the remaining life of the refunded debt using the straight-line method. The City completed this advance refunding to reduce its debt service payments by \$81,250 and to obtain an economic gain of \$156,875.

The reduction to the debt service payments and economic gain amounts were as follows:

----

|                         |    | Difference of<br>Reacquisiton Price<br>& Carrying Value<br>of <u>Old D</u> ebt | <br>Debt<br>Service | Economic<br>Gain (Loss)_ |
|-------------------------|----|--|---------------------|--------------------------|
| Eastland Center         | \$ | 305,931  | \$<br>838,190 \$    | 693,931                  |
| Hartman Heritage Center |    | 172,328  | 500,517             | 417,503                  |
| Santa Fe Redevelopment  | _  | 456,443  | (1,257,457)         | (954,559)                |
|                         | \$ | 934,702  | \$<br>81,250 \$     | 156,875                  |

Due to contributions for debt service payments by the developer it was necessary to convert the obligations payable for the Sante Fe project from tax-exempt to taxable. This change resulted in the increase to debt service payments and economic loss shown above for the Santa Fe project.

### (2) Developer Obligations

These obligations represent developer project costs that have been certified by the City as eligible for reimbursement from tax increment financing revenues attributable to each respective project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the Commission. These developer obligations are limited to the amount of incremental taxes received attributable to each respective project; any deficiencies are solely the responsibility of the developer and do not constitute an obligation of the Commission or of the City.

### (3) Bass Pro Lease

On October 18, 2004, the City approved the Crackerneck Creek Tax Increment Financing (TIF) Plan. The Crackerneck Creek TIF Plan provides for the development and construction of a proposed 350,000 square foot commercial retail center. The Crackerneck Creek Project (the Project) is scheduled to include (i) the Bass Pro Store described below, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. Other than the Bass Pro Store none of the retail space is leased as of June 30, 2007.

As part of the Project, the City has entered into the Lease Agreement (as amended from time to time, the "Bass Pro Lease") with Bass Pro Outdoor World L.L.C. ("Bass Pro"). Pursuant to the Bass Pro Lease the City will own a 160,000 square foot Bass Pro retail store (the "Bass Pro Store") and will lease the Bass Pro Store to Bass Pro under the terms and conditions as contained in the Bass Pro Lease. Under the Bass Pro Lease the City is obligated to make \$25,000,000 available to Bass Pro. This amount was funded from the proceeds of the Series 2006A Bonds. The proceeds of the Series 2006B and 2006C Bonds have been used to fund other costs related to the development of the site. The Bass Pro Store will be located on an approximate 20-acre parcel owned by the City.

Notes to Financial Statements

June 30, 2007

The initial term of the Bass Pro Lease is 20 years. Bass Pro has various renewal options under the lease agreement. During the initial 20 year term, Bass Pro is required to pay the City "Percentage Rent" rent equal to 2% of "Gross Sales" as defined in the Bass Pro Lease except that the "Minimum Percentage Rent" will not be less than of \$1,000,000 during each year of the initial term. During any of the nine one-year renewal options, Bass Pro will pay rent equal to \$10 per year provided the TIF bond financing provided by the City in a maximum of \$35,000,000 has been paid in full, or until the expiration of the third one year renewal option (whichever occurs first), Bass Pro shall be obligated to pay \$1,000,000 per year to the City. During any of the three five year renewal options, Bass Pro will pay rent equal options, Bass Pro shall be obligated to pay \$1,000,000 per year to the City. During any of the three five year renewal options, Bass Pro will pay rent equal to 1% of "Gross Sales" as defined in the lease agreement.

Under the Bass Pro Lease, Bass Pro has the option to purchase the Bass Pro Store at the expiration of the 20 year initial term and at the expiration of any renewal option for a purchase price equal to 90% of the fair market value thereof as a determined by an appraisal.

The total amount of all bonds to be issued by the Board for this project is expected to be approximately \$90,000,000. Proceeds of the bonds will fund reimbursable redevelopment project costs that are currently estimated to be approximately \$73,600,000, plus all financing costs, capitalized interest, credit enhancement costs, if any, and adequate reserves.

Construction on the Bass Pro building has commenced. The City delivered the Pad to Bass Pro concurrently with the delivery of the Bonds. Under the terms of the lease, Bass Pro must begin payments of rent to the City at the end of the Construction Period (a period of 455 days subsequent to delivery of the Pad) which occurred on June 28, 2007.

Also under the Lease the City is required to construct an approximate 15-acre lake and an additional wilderness habitat area of approximately 15 acres. The City park will include a waterfall and present a unique natural setting. The City is obligated to complete the lake and park no later than the opening of the Bass Pro Store. The City is also responsible for constructing and making available to Bass Pro 600 parking spaces adjacent to the Bass Pro Store.

A summary of the minimum rental payments due for this operating lease are as follows:

| Year      | Amount        |
|-----------|---------------|
| 2008      | \$ 1,000,000  |
| 2009      | 1,000,000     |
| 2010      | 1,000,000     |
| 2011      | 1,000,000     |
| 2012      | 1,000,000     |
| 2013-2017 | 5,000,000     |
| 2018-2022 | 5,000,000     |
| 2023-2027 | 5,000,000     |
| Total     | \$ 20,000,000 |

### Notes to Financial Statements

June 30, 2007

### (8) Advances for Construction

As new developments are constructed, the Power and Light (Enterprise) Fund requires a nonrefundable cash payment from a customer or developer to be paid toward the cost of extending the distribution system, installation of street lights, and other additions or modifications solely for the benefit of the customer or developer. The advances for construction at June 30, 2007 were \$354,449.

As new additions to the water distribution system are constructed, the Water (Enterprise) Fund requires the developer or wholesaler to advance the estimated cost of the water main extension or improvement. Upon project completion, any excess of the advance over the project cost is refunded to the developer or wholesaler or vice versa. The advances for construction at June 30, 2007 were \$125,412.

### (9) Employee Retirement System

### Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by Statute, Section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

### Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by Missouri state statute to contribute at an actuarially determined rate; the current rate is 9.0% (general), 9.1% (police), and 14.2% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the City Council. The contribution provisions of the City are established by Missouri state statute.

### **Annual Pension Cost**

### **Schedule of Employer Contributions:**

|                     | <del>.</del> | Annual<br>pension<br>cost (APC) | Percentage<br>of APC<br>contributed | Net pension<br>obligation |
|---------------------|--------------|---------------------------------|-------------------------------------|---------------------------|
| Fiscal year ending: |              |                                 |                                     |                           |
| June 30, 2005       | \$           | 4,849,276                       | 100                                 |                           |
| June 30, 2006       |              | 5,432,144                       | 100                                 | <u> </u>                  |
| June 30, 2007       |              | 5,736,388                       | 100                                 |                           |

Notes to Financial Statements

June 30, 2007

For 2007, the City's annual pension cost of \$5,736,388 was equal to the required and actual contribution. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included:

- (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually;
- (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation;
- (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit;
- (d) preretirement mortality based on the RP-2000 Combined Healthy Table, set back 0 years for men and women; and
- (e) postretirement mortality based on the 1971 Group Annuity Mortality table projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2007 was 15 years.

See Exhibit 11 for Schedule of Funding Progress and Employer Contributions for the years ended 2007, 2006, and 2005.

### (10) Post-employment Health Benefits

In addition to the pension benefits described in note 9, the City provides post-employment healthcare benefits to all retiring employees meeting the service criteria. Expenditures for post-employment healthcare benefits are recognized as retirees report their claims. During fiscal year 2007, expenditures of approximately \$4,001,328 were recognized for post-employment healthcare. The City has approximately 557 participants currently eligible to receive benefits.

### (11) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, there are a number of claims and/or lawsuits to which the City is a party as a result of certain law enforcement activities, injuries, and various other matters and complaints arising in the ordinary course of City activities. The City is entitled to the defense of sovereign and official immunity against tort action that provides immunity except in two areas – motor vehicles and the condition of property of governmental entities. The City carries commercial property, boiler and machinery, life, and flood insurance, and settlements have not exceeded insurance coverage for each of the past three fiscal years.

The City is a member of the Missouri Public Entity Risk Management Fund (MOPERM). MOPERM is a body corporate and politic created by the Missouri General Assembly to provide liability protection to participating public entities, their officials, and employees. The City pays annual premiums to MOPERM

(Continued)

Notes to Financial Statements

June 30, 2007

for law enforcement liability, general liability, public official errors and omissions liability, and automobile liability insurance coverage. The agreement with MOPERM provides that MOPERM will be self-sustaining through member premiums. MOPERM has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MOPERM has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MOPERM had no deficiencies in any of the past three fiscal years.

The City is self-insured for workers' compensation. An excess coverage insurance policy, limited to \$10,000,000 per occurrence, covers medical claims in excess of \$750,000 per occurrence. In order to maintain this self-insured status for workers' compensation, the State of Missouri requires the City to maintain a surety bond in the amount of \$2,020,000 and an escrow account in the amount of \$200,000. This amount is reflected as restricted assets in the Power and Light, Water, and Sanitary Sewer Funds. Estimated workers' compensation claims incurred but not reported are accrued as liabilities in the various funds with worker's compensation expenditures.

The City offers its employees a contributory self-insurance healthcare plan. An excess coverage insurance policy covers the portion of specific claims in excess of \$225,000 and aggregate claims in excess of \$14,500,000. The City's share of the premiums for this employee benefit was approximately \$10,802,000. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the Staywell Health Care (Internal Service) Fund. Estimated but not incurred medical, vision, and prescription claims are accrued as a liability in the Internal Service Fund.

Effective January 1, 2007, the City provided participants of the Coventry HMO health care plan with a contributory self-funded prescription plan. FMH Benefits Services administers this benefit as well as being the third party administrator for the Staywell Health Care Plan. Medco is the pharmacy benefits manager of this program as well as for the Staywell Health Care Plan. The City's share of premiums for this employee benefit was approximately \$232,000. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the self-funded Pharmacy Benefit Plan (internal service fund).

Changes in the balances of the workers' compensation and health care claims liability during the last two years are as follows:

|                               | W  | orkers' Comp         | ensa | tion Claims          | Medical                    | al Claims                  |  |  |
|-------------------------------|----|----------------------|------|----------------------|----------------------------|----------------------------|--|--|
|                               |    | 2006                 |      | 2007                 | 2006                       | 2007                       |  |  |
| Beginning of year<br>Incurred | \$ | 250,600<br>1,665,750 | \$   | 227,635<br>1,294,738 | \$ 1,119,765<br>11,240,694 | \$ 1,389,102<br>10,615,954 |  |  |
| Paid                          | ·  | (1,688,715)          |      | (1,336,066)          | (10,971,357)               | (10,789,227)               |  |  |
| End of year                   |    | 227,635              |      | 186,307              | \$ 1,389,102               | \$ 1,215,829               |  |  |

Notes to Financial Statements

June 30, 2007

#### (12) Commitments

#### **Construction Commitments**

At June 30, 2007, the City had commitments of approximately \$17,265,590 to complete construction contracts. Of this amount, \$8,270,598 relates to the enterprise funds.

#### Purchase/Sales of Capacity and Energy

The City purchases a portion of its power capacity and energy needs under a capacity purchase agreement with Kansas City Power & Light Company (KCPL). Under the agreement, the City purchases 90 MW of capacity and energy for a term through May 31, 2011 at contract-specified pricing for the capacity and associated energy, although the City has the right to reduce or terminate the capacity and energy purchase at any time after June 1, 2007. The annual minimum payment obligations (capacity charges only including the cost of transmission) under the agreement are approximately \$8,600,000. The delivered cost of capacity and energy under the agreement, including all demand energy, environmental emission allowance, and SPP transmission charges, totaled approximately \$23,340,000 for 643,765 megawatt-hours of delivered energy during fiscal year 2007.

In July 1997, the City became a participant to the Western Systems Power Pool Agreement (WSPP Agreement). The WSPP Agreement provides for short-term electric power transactions by and among its members. Transactions under the WSPP Agreement are executed under rate schedules that allow for market-based pricing. Membership of the WSPP Agreement has expanded from the original experimental eleven western United States electric utilities to over 250 members that are located throughout the entire United States and parts of Canada and include investor-owned electric utilities, municipalities, cooperatives, state and federal public power systems and power marketers. Under the WSPP Agreement, the City makes short term power purchases and sales with KCPL, Aquila Inc., Associated Electric Cooperative Inc., and other utilities and power marketers. During fiscal year 2007, the cost of purchases was approximately \$10,102,000 for 140,984 megawatt-hours of wholesale energy. The City sold 15,758 megawatt-hours of wholesale energy for approximately \$666,000.

In January 2004, the City entered into a participation power agreement with Omaha Public Power District (OPPD). Under this agreement, the City will purchase an 8.33% share (approximately 55 megawatts) of a new nominal 663 megawatt coal-fired baseload generating unit to be built at OPPD's existing Nebraska City power station site. The agreement provides that OPPD will be the owner/operator of the unit and OPPD will sell the City's share of the output on a cost-based approach. OPPD will issue tax-exempt bonds to pay for the construction of the unit and the City will be obligated to pay its appropriate share of the debt service on the bonds, the fixed operation and maintenance costs, the variable operating costs including fuel and renewals and replacements of the unit. The unit is currently scheduled to begin commercial operation prior to May 1, 2009. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. Payment obligations on this project are not expected to begin until the unit begins commercial operation in 2009.

In June 2006, the City entered into a unit power purchase agreement with the Missouri Joint Municipal Electric Utility Commission (MJMEUC). Under this agreement, the City will purchase a 50% share (approximately 50 megawatts) of MJMEUC's ownership share of a new nominal 850 megawatt Iatan 2 coal-fired generating unit to be built at KCPL's existing power station site in Weston, Missouri. The

Notes to Financial Statements

June 30, 2007

agreement provides that KCPL will be the owner/operator of the unit. MJMEUC will sell the City's share of the output on a cost-based approach. The City will be responsible for payment of its share of the fixed operation and maintenance costs, the variable operating costs including fuel, renewals and replacements of the unit and related administrative costs incurred by MJMEUC. The unit is currently scheduled to begin commercial operation in 2010. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. Payment obligations on this project are not expected to begin until the unit begins commercial operation in 2010.

### **Cooperative Agreement – Jackson County**

The City and Jackson County, Missouri have entered into a cooperative agreement of approximately \$4,000,000 to obtain funding under the County's County Urban Road System (CURS) program to be used in conjunction with federal monies to facilitate the maintenance and upkeep of the City's infrastructure. As of June 30, 2007, the City has requested reimbursement from the County of approximately \$3.14 million related to construction project cost reimbursements under this agreement.

### Litigation

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding construction contract issues, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

### (13) Deficits

The accumulated deficit in the Street Improvements Fund, in the amount of \$301,883, will be eliminated by future revenues or transfers. The accumulated deficit in the Parks Sales Tax Fund, in the amount of \$84,396, will be eliminated by future revenues or transfers. The accumulated deficit in the Storm Drainage Fund, in the amount of \$16,155, will be eliminated by future revenues or transfers. The accumulated deficit in the Pharmacy Benefit Plan Fund, in the amount of \$104,227, will be eliminated by future revenues or transfers. The accumulated deficit in the Sterling Village TIF fund, in the amount of \$114, will be eliminated by future tax increment financing revenues.

### Notes to Financial Statements

June 30, 2007

# (14) Fund Equity

Reserved and designated fund balances at year-end are as follows:

|                              |              | Gove | nmental Fund | s               |               |  |
|------------------------------|--------------|------|--------------|-----------------|---------------|--|
|                              |              |      | Street       |                 |               |  |
|                              | General      | In   | provements   | <u>Nonmajor</u> | Total         |  |
| Fund balances:               |              |      |              |                 |               |  |
| Reserved for:                |              |      |              |                 |               |  |
| Encumbrances                 | \$ 942,874   | \$   | 1,526,657    | \$ 9,316,039    | \$ 11,785,570 |  |
| Debt service                 | 224,134      |      | -            | 85,739          | 309,873       |  |
| Protested revenues           | 1,020,068    |      | -            | -               | 1,020,068     |  |
| Domestic violence            | 13,617       |      | -            |                 | 13,617        |  |
| Total fund balances reserved | 2,200,693    |      | 1,526,657    | 9,401,778       | 13,129,128    |  |
| Unreserved:                  |              |      |              |                 |               |  |
| Designated for:              |              |      |              |                 |               |  |
| Police equipment             | 70,938       |      | -            | -               | 70,938        |  |
| Capital projects             | 242,191      |      | -            | 4,088,450       | 4,330,641     |  |
| Strategic goal               | 426,138      |      | -            | -               | 426,138       |  |
| TIF distribution             | 710,447      |      | -            | -               | 710,447       |  |
| Amoco settlement             | 54,500       |      | -            | -               | 54,500        |  |
| Debt service                 | 900,000      |      |              |                 | 900,000       |  |
| Total fund balances          |              |      |              |                 |               |  |
| designated                   | 2,404,214    |      | -            | 4,088,450       | 6,492,664     |  |
| Undesignated                 | 2,129,791    |      | (1,828,540)  | 13,592,684      | 13,893,935    |  |
| Total fund equity            | \$ 6,734,698 | \$   | (301,883)    | \$ 27,082,912   | \$ 33,515,727 |  |
| -                            |              |      |              |                 |               |  |

### (15) Prior Period Adjustment

For the year ended June 30, 2007, management determined that the following adjustments were to be made to the opening net assets/fund balances:

A summary of these changes is described below:

|  | C   | Governmental<br>Activities<br>(Exhibit 2) | -  | overnmental<br>Funds<br>(Exhibit 4) | Discretely<br>Presented<br>Component<br>Unit (Exhibit 2) |
|--|-----|---|----|-------------------------------------|--|
| Beginning net assets (deficit), as originally reported | \$  | 186,567,169                               | \$ | 32,235,240                          | \$ (68,028,857)  |
| Reimbursable project costs                             |     | 881,250                                   |    | 881,250                             | (881,250)  |
| Beginning net assets (deficit), as restated            | _\$ | 187,448,419                               | \$ | 33,116,490                          | \$ (68,910,107)  |

#### Notes to Budgetary Comparison Schedules

Year ended June 30, 2007

#### (1) Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the accompanying government-wide financial statements:

- Prior to May 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to June 27, the City Council adopts the budget. If the City Council fails to adopt the budget on or before that date, the budget, as submitted or amended, goes into effect.
- The City Manager is authorized to transfer budgeted amounts between divisions of a department within any fund; however, any revisions that alter the total appropriations within any fund, or that transfer appropriations between departments, must be approved by the City Council. The 2006-2007 budget was amended during the year for transfers and supplemental appropriations. The budget amendments were approved by the City Council.
- Expenditures may not exceed appropriations for any department without City Council approval. Unencumbered appropriations lapse at year-end.
- Formal budgets are used as a control device for all funds; however, there is no requirement to report on the budget. Therefore, the financial statements include a comparison of budget to actual only for the General, Tourism, Community Development Block Grant, Rental Rehabilitation, Street Improvement Sales Tax, Park Sales Tax, Stromwater Sales Tax, Police Public Safety Sales Tax, Fire Public Safety Sales Tax and Grant Funds. Annual operating budgets are not prepared for Capital Projects Funds, although budgets on a project basis are prepared.

The City's policy is to prepare the annual operating budget on a basis which includes encumbrances as the equivalent of expenditures. The budgetary comparison schedules are prepared on this basis. Certain reclassifications between budgeted revenues and transfers have been made to facilitate the comparison with actual operations.

## Budgetary Comparison Schedule

### General Fund

Year ended June 30, 2007

|  |            | Budgeted             | Amounts              | Actual<br>Amounts      | Variance<br>with Final |
|--|------------|----------------------|----------------------|------------------------|------------------------|
|  |            | Original             | Final                | (Budget Basis)         | Budget                 |
| Revenues:  |            |                      |                      |                        |                        |
| Taxes  | \$         | 33,196,427           | 33,196,427           | 32,261,435             | (934,992)              |
| Licenses and permits   | Ŧ          | 4,449,138            | 4,449,138            | 4,300,683              | (148,455)              |
| Grants – federal and state   |            | 25,393               | 25,393               | 26,242                 | 849                    |
| State and county shared revenue  |            | 5,615,828            | 5,615,828            | 5,627,760              | 11,932                 |
| Charges for current services   |            | 1,436,377            | 1,475,180            | 1,858,887              | 383,707                |
| Interfund charges for support services   |            | 4,023,410            | 4,023,410            | 3,900,967              | (122,443)              |
| Fines and forfeitures  |            | 3,016,112            | 3,016,112            | 3,105,514              | 89,402                 |
| Other revenue  | _          | 747,300              | 841,452              | 807,923                | (33,529)               |
| Total revenues   |            | 52,509,985           | 52,642,940           | 51,889,411             | (753,529)              |
| Other financing sources:   | -          |                      |                      |                        |                        |
| Payments in lieu of taxes  |            | 13,604,018           | 13,604,018           | 13,039,463             | (564,555)              |
| T-t-1-there for a subsection   | -          | ••••••               |                      |                        |                        |
| Total other financing sources  | -          | 13,604,018           | 13,604,018           | 13,039,463             | (564,555)              |
| Total revenues and other financing sources   | -          | 66,114,003           | 66,246,958           | 64,928,874             | (1,318,084)            |
| Expenditures:  |            |                      |                      |                        |                        |
| City Council   |            | 398,130              | 414,654              | 414,291                | 363                    |
| City Clerk   |            | 429,447              | 429,447              | 429,212                | 235                    |
| City Manager   |            | 1,036,031            | 1,006,817            | 977,758                | 29,059                 |
| National Frontier Trails Center  |            | 345,967              | 352,120              | 350,460                | 1,660                  |
| Technology services  |            | 1,659,908            | 1,672,008            | 1,671,953              | 55                     |
| Municipal court  |            | 669,958              | 678,762              | 678,680                | 82                     |
| Law  |            | 728,888              | 728,888              | 691,371                | 37,517                 |
| Finance  |            | 1,720,182            | 1,814,966            | 1,814,785              | 181                    |
| Human resources  |            | 548,235              | 548,235              | 535,098                | 13,137                 |
| Community development  |            | 2,605,129            | 2,622,358            | 2,589,947              | 32,411                 |
| Police<br>Fire   |            | 20,158,488           | 21,279,620           | 21,274,620             | 5,000                  |
| Health   |            | 13,996,503           | 13,898,504           | 14,174,304             | (275,800)              |
| Public works   |            | 2,266,260            | 2,420,432            | 2,411,687              | 8,745                  |
| Water pollution control  |            | 6,959,349            | 7,156,528            | 7,155,956              | 572                    |
| Parks and recreation   |            | 298,891<br>1,981,302 | 305,591<br>2,030,581 | 305,565                | 26<br>16               |
| General government   |            | 8,185,189            | 7,371,345            | 2,030,565<br>6,641,041 | 730,304                |
| City Council strategic goals   |            | 350,000              | 958,368              | 532,230                | 426,138                |
| Capital outlay   | _          | 1,243,100            | 1,891,393            | 967,436                | 923,957                |
| Total expenditures   |            | 65,580,957           | 67,580,617           | 65,646,959             | 1,933,658              |
| Other financing uses – transfers out   | -          | 142,357              | 167,357              | 125,287                | 42,070                 |
| Total expenditures and other financing uses  |            | 65,723,314           | 67,747,974           | 65,772,246             | 1,975,728              |
| Excess of revenue and other financing<br>sources over (under) expenditures and<br>other financing uses | \$         | 390,689              | (1,501,016)          | (843,372)              | 657,644                |
| 0  | <b>.</b> = | 570,007              |                      |                        | 057,044                |
| Undesignated fund balance at beginning of year   |            |                      |                      | 3,399,529              |                        |
| Cancellation of prior year encumbrances  |            |                      |                      | 108,076                |                        |
| Decrease in other fund balance components during the year  |            |                      |                      | (534,442)              |                        |
| Undesignated fund balance at end of year   |            |                      |                      | \$ 2,129,791           |                        |

### **Budgetary Basis Reconciliation Schedule**

#### General Fund

## Year ended June 30, 2007

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds does not include encumbrances outstanding at year-end as expenditures because encumbrances are reported as reservations of fund balances in accordance with GAAP for the modified accrual basis of accounting. Adjustments necessary to convert the results of operations under the modified accrual basis to the budget basis are included as reconciling items on the following budget-basis statement:

|  | -   | General<br>Fund |
|--|-----|-----------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary  |     |                 |
| comparison schedule  | \$  | 64,928,874      |
| Basis differences – budget to GAAP:  |     |                 |
| None   | -   |                 |
| Total revenues as reported on the statement of revenues, expenditures,   |     |                 |
| and changes in fund balances – governmental funds  | \$_ | 64,928,874      |
| Uses/outflows of resources:  | _   |                 |
| Actual amounts (budgetary basis) for total expenditures from the budgetary   |     |                 |
| comparison schedule  | \$  | 65,646,959      |
| Basis differences – budget to GAAP:  |     |                 |
| Capital lease  |     | 144,129         |
| Outstanding encumbrances at year-end charged to the current year's budget<br>Current year expenditures of encumbrances outstanding at the end of the prior |     | (759,073)       |
| fiscal year  | _   | 966,048         |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds (GAAP basis)               | \$  | 65,998,063      |
| - 0 / /  | · = |                 |

#### Schedule of Funding Progress

#### Retirement Plan

...

Schedule of Funding Progress:

· \_\_\_\_ `

-----

-

| Actuarial<br>valuation date | (a)<br>Actuarial<br>value of<br>assets | (b)<br>Entry-age<br>actuarial<br>accrued<br>liability | _  | (b) – (a)<br>Unfunded<br>(assets in<br>excess of)<br>accrued<br>liability<br>(UAL) | (a)/(b)<br>Funded<br>ratio | <br>(c)<br>Annual<br>covered<br>payroll | (b) – (a)/(c)<br>UAL as a<br>percentage<br>of covered<br>payroll |
|-----------------------------|--|---|----|--|----------------------------|---|--|
| February 29, 2005 \$        | 133,798,865                            | \$<br>132,721,528                                     | \$ | (1,077,337)  | 101%                       | \$<br>52,038,918                        | -2%  |
| February 28, 2006           | 143,965,379                            | 140,859,132   |    | (3,106,247)  | 102%                       | 55,394,891                              | -6%  |
| February 28, 2007           | 158,403,238                            | 148,892,342   |    | (9,510,896)  | 106%                       | 57,504,095                              | -17%   |

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2007 annual valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact LAGERS's office in Jefferson City at P.O. Box 1665 Jefferson City, Missouri 65102 or telephone 1-800-447-4334.

------

#### Nonmajor Governmental Funds

#### **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Tourism – This fund is used to account for expenditures for tourism that are financed out of the transient guest tax.

Independence Square Benefit District – This fund is used to account for expenditures to improve the City's downtown business district that are financed by a special property tax levy on those businesses which are benefited.

**Community Development Grant Act** – This fund is used to account for all projects that are funded by the Federal Community Development Block Grant.

**Rental Rehabilitation** – This fund is used to account for expenditures to improve rental property within the City that are funded by state and federal grants.

Street Improvement Sales Tax – This fund is used to account for all street projects that are funded by the three-eighths cent street improvement sales tax.

**Park Improvement Sales Tax Fund** – This fund accounts for all park projects that are funded by the onequarter cent park improvement sales tax.

Storm Water Sales Tax – This fund is used to account for all storm water projects that are funded by the one-fourth cent storm water sales tax.

**Police Sales Tax** – This fund is used to account for receipts and expenditures of the City's sales tax for police protection services.

Fire Sales Tax – This fund is used to account for receipts and expenditures of the City's sales tax for fire protection services.

License Surcharge – This fund is used to account for street improvements funded by an excise tax that is based on increased traffic flow relating to new development.

Grant Fund – This fund is used to account for expenditures that are funded by grants.

#### **Capital Projects Funds**

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by the proprietary funds or trust funds.

**Revolving Public Improvements** – This fund, which is legally mandated by City Charter, is used to account for the cost of public works or improvements funded by special assessments.

Building and Other Improvements – This fund is used to account for the acquisition, construction, and improvement of nonproprietary buildings and facilities of the City.

Storm Drainage – This fund is used to account for the acquisition and construction of the City's infrastructure to control the run-off surface water.

Park Improvements – This fund is used to account for the acquisition and construction of the City's parkland.

#### **Permanent Fund**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Waggoner Memorial – This fund is used to account for citizen donations, the interest on which is used for maintenance for the Memorial Building.

## **Debt Service Fund**

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

.

### Combining Balance Sheet

Nonmajor Governmental Funds

### June 30, 2007

| Assets   | _   | Special<br>Revenue<br>(Exhibit 14) | Capital<br>Projects<br>(Exhibit 27) | Permanent<br>Fand | Debt Service<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|--|-----|------------------------------------|-------------------------------------|-------------------|----------------------|---|
| Pooled cash and investments<br>Receivables:          | \$  | 23,447,799                         | 66,878                              | 9,670             | 1                    | 23,524,348                              |
| Taxes  |     | 2,877,472                          |                                     | _                 | _                    | 2,877,472                               |
| Accounts   |     | 16,235                             | 612                                 | —                 | —                    | 16,847                                  |
| Special assessment principal and<br>accrued interest |     | _                                  | _                                   |                   | 1,298,024            | 1,298,024                               |
| Accrued interest                                     |     | 208,510                            |                                     | _                 |                      | 208,510                                 |
| Due from other funds                                 |     | 1,438,535                          |                                     |                   |                      | 1,438,535                               |
| Due from component unit                              |     | 16,500                             | _                                   |                   |                      | 16,500                                  |
| Due from other governments                           |     | 933,920                            | —                                   | —                 |                      | 933,920                                 |
| Restricted assets                                    | -   | 3,215,752                          |                                     |                   | 94,000               | 3,309,752                               |
| Total assets   | \$_ | 32,154,723                         | 67,490                              | 9,670             | 1,392,025            | 33,623,908                              |
| Liabilitics and Fund Balances                        |     |                                    |                                     |                   |                      |   |
| Liabilities:   |     |                                    |                                     |                   |                      |   |
| Accounts and contracts payable                       | \$  | 3,235,527                          | 38,792                              | _                 |                      | 3,274,319                               |
| Due to other funds                                   |     | 1,664,251                          | 16,156                              |                   | 11,772               | 1,692,179                               |
| Accrued items  |     | 83,103                             |                                     |                   | _                    | 83,103                                  |
| Other current liabilities                            |     | 26,380                             | -                                   |                   |                      | 26,380                                  |
| Deferred revenue                                     | -   | 166,991                            |                                     |                   | 1,298,024            | 1,465,015                               |
| Total liabilities                                    | _   | 5,176,252                          | 54,948                              |                   | 1,309,796            | 6,540,996                               |
| Fund balances:<br>Reserved for:                      |     |                                    |                                     |                   |                      |   |
| Encumbrances   |     | 9,272,491                          | 43,548                              |                   |                      | 9,316,039                               |
| Other purposes<br>Unreserved, reported in:           |     | 85,739                             |                                     |                   | _                    | 85,739                                  |
| Special revenue funds                                |     | 17.620.241                         |                                     |                   |                      | 17,620,241                              |
| Debt service funds                                   |     |                                    | —                                   |                   | 82,229               | 82,229                                  |
| Capital projects funds                               |     | <u> </u>                           | (31,006)                            | _                 | · · · ·              | (31,006)                                |
| Permanent fund                                       | _   |                                    |                                     | 9,670             |                      | 9,670                                   |
| Total fund balances                                  | _   | 26,978,471                         | 12,542                              | 9,670             | 82,229               | 27,082,912                              |
| Total liabilities and fund balances                  | \$_ | 32,154,723                         | 67,490                              | 9,670             | 1,392,025            | 33,623,908                              |
|  |     |                                    |                                     |                   |                      |   |

.

.

### CITY OF INDEPENDENCE, MISSOURI

#### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended June 30, 2007

|  | -   | Special<br>Revenue<br>(Exhibit 15) | Capital<br>Projects<br>(Exhibit 28) | Permanent<br>Fund | Debt Service<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|--|-----|------------------------------------|-------------------------------------|-------------------|----------------------|---|
| Revenues:  |     |                                    |                                     |                   |                      |   |
| Taxes  | \$  | 20,629,478                         |                                     |                   | _                    | 20,629,478                              |
| Licenses and permits                                       |     | 1,171,509                          |                                     | _                 | _                    | 1,171,509                               |
| Intergovernmental  |     | 4,022,553                          | 1,783,755                           | _                 | _                    | 5,806,308                               |
| Charges for services                                       |     | 603,581                            | <u>—</u> ,                          |                   | 102,999              | 706,580                                 |
| Investment income  |     | 1,238,073                          | 1,333                               | 450               | 3,823                | 1,243,679                               |
| Other  | -   | 221,906                            |                                     |                   |                      | 221,906                                 |
| Total revenues   | -   | 27,887,100                         | 1,785,088                           | 450               | 106,822              | 29,779,460                              |
| Expenditures:  |     |                                    |                                     |                   |                      |   |
| Current:   |     | 44.000                             |                                     |                   |                      | 44.979                                  |
| Administrative services<br>Public safety                   |     | 44,269                             | —                                   |                   |                      | 44,269                                  |
| Health and welfare   |     | 4,446,626<br>493,136               | _                                   | _                 | _                    | 4,446,626<br>493,136                    |
| Culture and recreation                                     |     | 3,067,660                          |                                     | ·                 | _                    | 3,067,660                               |
| Community development                                      |     | 1,525,599                          |                                     | _                 |                      | 1,525,599                               |
| Storm water  |     | 1,232,707                          | _                                   | _                 | _                    | 1,232,707                               |
| General government   |     | 281,646                            | _                                   | 5,000             | 1,034                | 287,680                                 |
| Capital outlay   |     | 17,991,703                         | 2,514,293                           | ,                 | ,                    | 20,505,996                              |
| Debt service:  |     |                                    |                                     |                   |                      |   |
| Principal  |     | 2,850,000                          | _                                   |                   | 59,000               | 2,909,000                               |
| Interest and fiscal agent fees                             | -   | 881,655                            |                                     |                   | 50,859               | 932,514                                 |
| Total expenditures   | -   | 32,815,001                         | 2,514,293                           | 5,000             | 110,893              | 35,445,187                              |
| Excess (deficiency) of revenues<br>over expenditures       |     | (4,927,901)                        | (729,205)                           | (4,550)           | (4,071)              | (5,665,727)                             |
| 1  | -   | (1,527,501)                        | (123,203)                           | (4,550)           | (4,071)              | (3,003,727)                             |
| Other financing sources (uses):                            |     |                                    |                                     |                   |                      |   |
| Proceeds from capital leases/bond issuance                 |     | 8,255,000                          | —                                   | -                 |                      | 8,255,000                               |
| Reoffering premium/original issue discount<br>Transfers in |     | 78,680                             |                                     |                   | -                    | 78,680                                  |
| Transfers out  |     | (1,836,420)                        | 730,538                             |                   | _                    | 730,538                                 |
|  | -   |                                    |                                     |                   |                      | (1,836,420)                             |
| Total other financing sources (uses)                       | -   | 6,497,260                          | 730,538                             |                   |                      | 7,227,798                               |
| Net change in fund balances                                |     | 1,569,359                          | 1,333                               | (4,550)           | (4,071)              | 1,562,071                               |
| Fund balances (deficit), beginning                         | -   | 25,409,112                         | 11,209                              | 14,220            | 86,300               | 25,520,841                              |
| Fund balances, ending                                      | \$_ | 26,978,471                         | 12,542                              | 9,670             | 82,229               | 27,082,912                              |

#### CITY OF INDEPENDENCE, MISSOURI Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2007

| Assets   | _   | Tourism                   | Independence<br>Square Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation             | Combined Sales<br>Tax Funds<br>(Exhibit 25) | Licens <del>e</del><br>Surcharge | Grants                          | Total   |
|--|-----|---------------------------|--|---------------------------------------|--------------------------------------|---|----------------------------------|---------------------------------|---|
| Pooled cash and investments<br>Receivables:  | \$  | 1,378,870                 | 23,962                                     | _                                     |                                      | 18,647,267                                  | 3,397,700                        | _                               | 23,447,799  |
| Taxes  |     | 90,000                    | 471  | Ξ                                     |                                      | 2,787,001                                   | _                                | 16,235                          | 2,877,472<br>16,235                                   |
| Accrued interest   |     |                           |  | _                                     |                                      | 175,055                                     | 33,455                           | 10,235                          | 208,510   |
| Due from other funds   |     |                           |  | _                                     | _                                    | 1,438,535                                   | 33,433                           |                                 | 1,438,535   |
| Due from component unit  |     | _                         | _  |                                       |                                      | 16,500                                      |                                  |                                 | 16,500  |
| Due from other governments   |     | 119,861                   | _  | 182,216                               | 205,405                              | 10,500                                      | _                                | 426,438                         | 933,920   |
| Restricted assets  | -   |                           |  |                                       |                                      | 3,215,752                                   |                                  |                                 | 3,215,752   |
| Total assets   | \$_ | 1,588,731                 | 24,433                                     | 182,216                               | 205,405                              | 26,280,110                                  | 3,431,155                        | 442,673                         | 32,154,723  |
| Liabilities and Fund Balances  |     |                           |  |                                       |                                      |   |                                  |                                 |   |
| Liabilities:<br>Accounts and contracts payable<br>Due to other funds<br>Accrued items<br>Other current liabilities<br>Deferred revenue | \$  | 178,922<br>8,784<br>      |  | 425<br>172,746<br>7,745<br>           | 10,621<br>165,594<br>2,806<br>26,380 | 2,990,969<br>1,032,957<br>39,811<br>        |                                  | 54,590<br>292,954<br>23,957<br> | 3,235,527<br>1,664,251<br>83,103<br>26,380<br>166,991 |
| Total liabilities  | -   | 187,706                   |  | 180,916                               | 205,401                              | 4,159,556                                   |                                  | 442,673                         | 5,176,252   |
| Fund balances:<br>Reserved for:<br>Encumbrances<br>Other purposes<br>Unreserved, reported in:<br>Special revenue funds                 | _   | 156,563<br>—<br>1,244,462 | <br>24,433                                 | 115,735<br>                           | 106,832<br>—<br>(106,828)            | 8,662,154<br>85,739<br>13,372,661           | 3,431,155                        | 231,207<br>                     | 9,272,491<br>85,739<br>17,620,241                     |
| Total fund balances  |     | 1,401,025                 | 24,433                                     | 1,300                                 | 4                                    | 22,120,554                                  | 3,431,155                        |                                 | 26,978,471  |
| Total liabilities and<br>fund balances   | s_  | 1,588,731                 | 24,433                                     | 182,216                               | 205,405                              | 26,280,110                                  | 3,431,155                        | 442,673                         | 32,154,723  |

77

### CITY OF INDEPENDENCE, MISSOURI

#### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds

Year ended June 30, 2007

| <b>D</b>  | Tourism             | Independence<br>Square Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation | Combined Sales<br>Tax Funds<br>(Exhibit 26)  | License<br>Surcharge     | Grants                                | Total   |
|---|---------------------|--|---------------------------------------|--------------------------|--|--------------------------|---------------------------------------|---|
| Revenues:<br>Taxes<br>Licenses and permits<br>Intergovernmental<br>Charges for services<br>Investment income<br>Other   | \$ 1,020,664<br>    | 22,052<br>—<br>                            | i,122,874<br>i,300                    | 790,434<br>—<br>—        | 19,586,762<br>324,684<br>514,750<br>1,012,955<br>212,770                             | 1,171,509<br><br>170,544 | 1,615,439<br>86,366<br>(212)<br>1,583 | 20,629,478<br>1,171,509<br>4,022,553<br>603,581<br>1,238,073<br>221,906                                     |
| Total revenues  | 1,252,470           | 22,872                                     | 1,124,174                             | 790,434                  | 21,651,921   | 1,342,053                | 1,703,176                             | 27,887,100  |
| Expenditures:<br>Current:<br>Administrative services<br>Public safety<br>Health and welfare<br>Culture and recreation<br>Community development<br>Storm water<br>General government<br>Capital outlay<br>Debt service:<br>Principal<br>Interest and fiscal agent fees |                     | 353  |                                       |                          | 3,427,396<br>2,075,448<br>1,232,707<br>134,592<br>17,991,350<br>2,850,000<br>881,649 |                          | 44,269<br>1,019,230<br>493,136<br>    | 44,269<br>4,446,626<br>493,136<br>3,067,660<br>1,525,599<br>1,232,707<br>281,646<br>17,991,703<br>2,850,000 |
| Total expenditures  | 992,212             | 353  | 735,171                               | 790,434                  | 28,593,142   |                          | 1,703,689                             | <u>881,655</u><br>32,815,001  |
| Excess (deficiency)<br>of revenues over<br>expenditures<br>Other financing sources (uses):<br>Proceeds from bond issuance   | 260,258             | 22,519                                     | 389,003                               |                          | <u>(6,941,221)</u><br>8,255,000  | 1,342,053                | (513)                                 | (4,927,901)   |
| Reoffering premium/original issue discount  | -                   | _  | _                                     | _                        | 78,680   | _                        | _                                     | 78,680  |
| Transfers out   |                     |  | (387,703)                             |                          | (258,521)  | (1,190,196)              |                                       | (1,836,420)   |
| Total other financing<br>sources (uses)   | <u> </u>            |  | (387,703)                             |                          | 8,075,159  | (1,190,196)              |                                       | 6,497,260   |
| Net change in fund<br>balances  | 260,258             | 22,519                                     | 1,300                                 | _                        | 1,133,938  | 151,857                  | (513)                                 | 1,569,359   |
| Fund balances, beginning  | 1,140,767           | 1,914                                      |                                       | 4                        | 20,986,616   | 3,279,298                | 513                                   | 25,409,112  |
| Fund balances, ending   | \$ <u>1,401,025</u> | 24,433                                     | 1,300                                 | 4                        | 22,120,554   | 3,431,155                |                                       | 26,978,471  |

.

## **CITY OF INDEPENDENCE, MISSOURI**

### Budgetary Comparison Schedule

## **Tourism Fund**

Year ended June 30, 2007

|  |         | Budgeted . | Amounts   |         | Actual<br>Amounts | Variance<br>with Final |
|--|---------|------------|-----------|---------|-------------------|------------------------|
|  | _       | Original   | Final     | -       | dget Basis)       | Budget                 |
| Revenues:  |         |            |           |         |                   |                        |
| Transient guest taxes  | \$      | 968,000    | 968,000   |         | 1,020,664         | 52,664                 |
| Interest   |         |            | 24,000    |         | 53,966            | 29,966                 |
| Grants – federal, state, and local                             |         |            | 171,463   |         | 169,122           | (2,341)                |
| Other revenue  |         |            | 6,000     |         | 8,718             | 2,718                  |
| Total revenues   |         | 998,000    | 1,169,463 |         | 1,252,470         | 83,007                 |
| Expenditures:  |         |            |           |         |                   |                        |
| Tourism  |         | 891,646    | 1,063,109 |         | 1,059,592         | 3,517                  |
| Total expenditures   |         | 891,646    | 1,063,109 | <u></u> | 1,059,592         | 3,517                  |
| Excess of revenues over (under)                                |         |            |           |         |                   |                        |
| expenditures   | \$      | 106,354    | 106,354   |         | 192,878           | 86,524                 |
| Undesignated fund balance at beginning of                      | of year |            |           |         | 638,590           |                        |
| Cancellation of prior year encumbrances                        |         |            |           |         | 19,215            |                        |
| Change in other fund balance<br>components during the year (1) |         |            |           |         | (125,711)         |                        |
| Undesignated fund balance at end of year                       |         |            |           | \$      | 724,972           |                        |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

.

# **CITY OF INDEPENDENCE, MISSOURI**

**Budgetary Basis Reconciliation Schedule** 

## **Tourism Fund**

Year ended June 30, 2007

|   | -   | Tourism<br>Fund                  |
|---|-----|----------------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None   | \$  | 1,252,470                        |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$_ | 1,252,470                        |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>Outstanding encumbrances at year-end charged to the current year's budget (1)<br>fiscal year (1) | \$  | 1,059,592<br>(140,730)<br>73,350 |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$_ | 992,212                          |

.

,

.

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

١

.

,

### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Community Development Block Grant Fund Year ended June 30, 2007

|  |         | Budgeter                                      | Amounts   | Actual<br>Amounts | Variance<br>with Final |
|--|---------|---|-----------|-------------------|------------------------|
|  | -       | Original                                      | Final     | (Budget Basis)    | Budget                 |
| Revenues:  | -       | <u>, , , , , , , , , , , , , , , , , , , </u> |           | <u></u>           |                        |
| Federal grant - CDBG                                       | \$      | 776,034                                       | 776,034   | 1,124,174         | 348,140                |
| Total revenues   | -       | 776,034                                       | 776,034   | 1,124,174         | 348,140                |
| Expenditures:  |         |   |           |                   |                        |
| CDBG administration  |         | 213,700                                       | 277,257   | 140,354           | 136,903                |
| CDBG expenditures  |         |   | 840,540   | 546,659           | 293,881                |
| Public facilities and improvements                         |         | <del></del>                                   | 1,891     | —                 | 1,891                  |
| Commercial facade program                                  |         | _   | 308,388   | 163,893           | 144,495                |
| Total expenditures   | -       | 213,700                                       | 1,428,076 | 850,906           | 577,170                |
| Other financing uses:                                      |         |   |           |                   |                        |
| Transfers out  |         |   | 150,000   | 387,703           | (237,703)              |
| Total other financing uses                                 | -       |   | 150,000   | 387,703           | (237,703)              |
| Total expenditures and other uses                          | s –     | 213,700                                       | 1,578,076 | 1,238,609         | 339,467                |
| Excess of revenues over (under)                            |         |   |           |                   |                        |
| expenditures and other                                     |         |   |           |                   |                        |
| financing uses   | \$_     | 562,334                                       | (802,042) | (114,435)         | 687,607                |
|  |         |   |           |                   |                        |
| Undesignated fund balance at beginning c                   | of year | r   |           | (392,994)         |                        |
| Change in other fund balance<br>components during the year |         |   |           | 392,994           |                        |
| Undesignated fund balance at end of year                   |         |   | :         | \$ (114,435)      |                        |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures and Other Financing Uses amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

## Exhibit 17.1

### **CITY OF INDEPENDENCE, MISSOURI**

### Budgetary Basis Reconciliation Schedule

### Community Development Block Grant Fund

Year ended June 30, 2007

|  |     | Community Development<br>Block Grant |  |  |
|--|-----|--------------------------------------|--|--|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None  | \$  | 1,124,174                            |  |  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$_ | 1,124,174                            |  |  |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>Outstanding encumbrances at year-end charged to the current year's budget (1) | \$  | 850,906<br>(115,735)                 |  |  |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$  | 735,171                              |  |  |

 Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

## CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Rental Rehabilitation Year Ended June 30, 2007

|  |         | Budgeted   | Amounts   | Actual<br>Amounts | Variance<br>with Final |
|--|---------|------------|-----------|-------------------|------------------------|
|  | -       | Original   | Final     | (Budget Basis)    | Budget                 |
| Revenues:  | -       |            |           |                   |                        |
| HOME program grant   | \$      | 456,644    | 456,644   | 790,434           | 333,790                |
| Total revenues   | -       | 456,644    | 456,644   | 790,434           | 333,790                |
| Expenditures:  |         |            |           |                   |                        |
| HOME administration  |         | 46,404     | 49,864    | 47,288            | 2,576                  |
| Multi family housing   |         | —          | 500,625   | 407,321           | 93,304                 |
| Single family housing  |         | —          | 524,083   | 342,174           | 181,909                |
| Community housing development                                  |         |            | 271,912   | 100,483           | 171,429                |
| Total expenditures   | -       | 46,404     | 1,346,484 | 897,266           | 449,218                |
| Excess of revenues over (under)                                | _       |            |           |                   |                        |
| expenditures   | \$ _    | 410,240    | (889,840) | (106,832)         | 783,008                |
| Undesignated fund balance (deficit) at b                       | eginni  | ng of vear |           | (205,307)         |                        |
|  | oginin  | ng or your |           | (203,507)         |                        |
| Change in other fund balance<br>components during the year (1) |         |            |           | 205,312           |                        |
| Undesignated fund balance (deficit) at e                       | nd of y | rear       |           | \$ (106,827)      |                        |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

## Exhibit 18.1

## **CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

## **Rental Rehabilitation**

Year ended June 30, 2007

|  | Rental<br>Rehabilitation   |
|--|----------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:  | \$<br>790,434              |
| None<br>Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$<br>790,434              |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>Outstanding anounther age at user and shared to the surrent user's budget (1) | \$<br>897,266              |
| Outstanding encumbrances at year-end charged to the current year's budget (1)<br>Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$<br>(106,832)<br>790,434 |

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

#### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Street Improvements Sales Tax Fund

Year ended June 30, 2007

|  |      | Budgeted                                     | Amounts     | Actual<br>Amounts | Variance<br>with Final |
|--|------|--|-------------|-------------------|------------------------|
|  | •    | Original                                     | Final       | (Budget Basis)    | Budget                 |
| Revenues:  | •    |  |             | <u></u>           |                        |
| Sales taxes  | \$   | 6,147,787                                    | 6,147,787   | 5,839,961         | (307,826)              |
| Interest   |      | 400,000                                      | 400,000     | 181,951           | (218,049)              |
| Total revenues   | -    | 6,547,787                                    | 6,547,787   | 6,021,912         | (525,875)              |
| Other Financing sources:                                       |      |  |             |                   |                        |
| Proceeds from bond issuance                                    |      |  |             | 2,770,000         | 2,770,000              |
| Reoffering premium/original issue discount                     |      | —  |             | 19,335            | 19,335                 |
| Total other financing sources                                  | •    |  |             | 2,789,335         | 2,789,335              |
| Total revenues and other financing sources                     |      | 6,547,787                                    | 6,547,787   | 8,811,247         | 2,263,460              |
| Expenditures:  |      |  |             |                   |                        |
| General Government   |      | 13,125                                       | 13,125      | 64,173            | (51,048)               |
| Capital outlay   |      | 15,053,000                                   | 15,888,845  | 8,372,650         | 7,516,195              |
| Debt service   |      | _  |             | 1,388,329         | (1,388,329)            |
| Total expenditures   | -    | 15,066,125                                   | 15,901,970  | 9,825,152         | 6,076,818              |
| Excess of revenues and other financing                         |      | <u>.                                    </u> |             |                   |                        |
| sources over (under) expenditures                              | \$ : | (8,518,338)                                  | (9,354,183) | (1,013,905)       | 8,340,278              |
|  |      |  |             |                   |                        |
| Undesignated fund balance (deficit) at beginning of year       |      |  |             | (1,196,650)       |                        |
| Change in other fund balance<br>components during the year (1) |      |  |             | 2,101,195         |                        |
| Undesignated fund balance (deficit) at end of year             |      |  | \$          | (109,360)         |                        |

(1) This amount represents transactions included in the Excess of Revenues and Other Financing sources over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

## Exhibit 19.1

.

## CITY OF INDEPENDENCE, MISSOURI

# Budgetary Basis Reconciliation Schedule

## Street Improvements Sales Tax Fund

## Year ended June 30, 2007

|  |                     | Streets Improvemen<br>Sales Tax |  |  |
|--|---------------------|---------------------------------|--|--|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None            | \$                  | 6,021,912                       |  |  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$_                 | 6,021,912                       |  |  |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:                  | \$                  | 9,825,152                       |  |  |
| Outstanding encumbrances at year-end charged to the current year's budget (1)<br>Current year expenditures of encumbrances outstanding at the end of the prior<br>fiscal year (1)        | _                   |                                 |  |  |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$                  | 9,825,152                       |  |  |
| (1) Encumbrances for supplies and equipment ordered but not received are reported in t is placed for budgetary purposes, but in the year the supplies are received for financia numbers. | he year<br>al repor | the order<br>ting               |  |  |

purposes.

#### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Park Improvements Sales Tax Fund Year ended June 30, 2007

|  |             | Budgeted    | Amounts     | Actual<br>Amounts | Variance<br>with Final |
|--|-------------|-------------|-------------|-------------------|------------------------|
|  |             | Original    | Final       | (Budget Basis)    | Budget                 |
| Revenues:  |             |             |             | <u></u>           |                        |
| Sales taxes  | \$          | 3,977,802   | 3,977,802   | 3,892,971         | (84,831)               |
| Public health and recreation   |             | · · · -     | 91,500      | 52,320            | (39,180)               |
| Adventure Oasis Water Park   |             | 575,000     | 587,500     | 462,430           | (125,070)              |
| Other revenue  |             | 127,500     | 78,500      | 168,509           | 90,009                 |
| Total revenues   |             | 4,680,302   | 4,735,302   | 4,576,230         | (159,072)              |
| Other financing sources:   |             |             |             |                   |                        |
| Proceeds from bond issuance  |             | 4,695,000   | 4,695,000   | 5,485,000         | 790,000                |
| Reoffering premium/original issue discount                               |             |             | —           | 59,345            | 59,345                 |
| Total other financing sources  |             | 4,695,000   | 4,695,000   | 5,544,345         | 849,345                |
| Total revenues and other financing sources                               |             | 9,375,302   | 9,430,302   | 10,120,575        | 690,273                |
| Expenditures:  |             |             |             |                   |                        |
| Culture and recreation   |             | 1,965,529   | 2,260,460   | 2,011,715         | 248,745                |
| General government   |             |             | 8,750       | 77,427            | (68,677)               |
| Capital outlay   |             | 8,616,082   | 8,614,749   | 6,948,415         | 1,666,334              |
| Debt service   |             | 1,206,839   | 1,206,839   | 1,282,244         | (75,405)               |
| Total expenditures   |             | 11,788,450  | 12,090,798  | 10,319,801        | 1,770,997              |
| Excess of revenues and other financing sources over (under) expenditures | <b>ទ</b> ្ឋ | (2,413,148) | (2,660,496) | (199,226)         | 2,461,270              |
| Undesignated fund balance (deficit) at beginning of year                 |             |             |             | (1,510,742)       |                        |
| Cancellation of prior year encumbrances                                  |             |             |             | 28,915            |                        |
| Change in other fund balance<br>components during the year (1)           |             |             |             | 238,582           |                        |
| Undesignated fund balance (deficit) at end of year                       |             |             | \$          | 6 (1,442,471)     |                        |

(1) This amount represents transactions included in the Excess of Revenues and Other Financing sources over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

### Exhibit 20.1

### **CITY OF INDEPENDENCE, MISSOURI**

## Budgetary Basis Reconciliation Schedule

## Park Improvements Sales Tax Fund

## Year ended June 30, 2007

|  | Pa         | rk Improvements<br>Sales Tax       |
|--|------------|------------------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None  | \$         | 4,576,230                          |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$         | 4,576,230                          |
| <ul> <li>Uses/outflows of resources:</li> <li>Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule</li> <li>Basis differences - budget to GAAP:</li> <li>Outstanding encumbrances at year-end charged to the current year's budget (1)</li> <li>Current year expenditures of encumbrances outstanding at the end of the prior</li> </ul> | \$         | 10,319,801<br>(163,040)<br>219,765 |
| fiscal year (1)<br>Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | -<br>\$_   | 10,376,526                         |
| (1) Encumbrances for sumplies and equipment ordered but not received are reported in the   | =<br>vevea | the order                          |

 Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Storm Water Sales Tax Fund

Year Ended June 30, 2007

|  |    |             |             | Actual         | Variance   |
|--|----|-------------|-------------|----------------|------------|
|  |    | Budgetec    | l Amounts   | Amounts        | with Final |
|  |    | Original    | Final       | (Budget Basis) | Budget     |
| Revenues:  |    |             |             |                |            |
| Sales taxes  | \$ | 3,977,802   | 3,977,802   | 3,895,405      | (82,397)   |
| Grants - federal, state and local                              |    |             | _           | 324,684        | 324,684    |
| Interest   |    | 490,000     | 490,000     | 431,463        | (58,537)   |
| Other revenue  |    |             |             | 108,782        | 108,782    |
| Total revenues   |    | 4,467,802   | 4,467,802   | 4,760,334      | 292,532    |
| Expenditures:  |    |             |             |                |            |
| Storm water  |    |             |             |                |            |
| Administration   |    | 313,791     | 299,731     | 158,750        | 140,981    |
| Maintenance  |    | 1,208,682   | 994,858     | 933,681        | 61,177     |
| Permit completion  |    | 153,700     | 185,550     | 146,619        | 38,931     |
| Capital outlay   |    | 6,079,228   | 6,524,505   | 1,670,944      | 4,853,561  |
| Total expenditures   | ·  | 7,755,401   | 8,004,644   | 2,909,994      | 5,094,650  |
| Excess of revenues over (under) expenditures                   | \$ | (3,287,599) | (3,536,842) | 1,850,340      | 5,387,182  |
| Undesignated fund balance at beginning of year                 |    |             |             | 8,180,693      |            |
| Cancellation of prior year encumbrances                        |    |             |             | 9,098          |            |
| Change in other fund balance<br>components during the year (1) |    |             |             | 33,002         |            |
| Undesignated fund balance at end of year                       |    |             |             | \$ 10,073,133  |            |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

Budgetary Basis Reconciliation Schedule

Storm Water Sales Tax Fund

Year ended June 30, 2007

|     | Sales Tax            |
|-----|----------------------|
| \$  | 4,760,334            |
| \$_ | 4,760,334            |
| \$  | 2,909,994            |
|     | (132,454)<br>126,111 |
| \$_ | 2,903,651            |
|     | -<br>\$ _            |

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

#### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Police Public Safety Sales Tax Fund Year Ended June 30, 2007

|  | Budgete           | d Amounts   | Actual<br>Amounts | Variance<br>with Final |
|--|-------------------|-------------|-------------------|------------------------|
|  | Original          | Final       | (Budget Basis)    | Budget                 |
| Revenues:  |                   |             | <u> </u>          |                        |
| Sales taxes  | \$<br>2,100,523   | 2,100,523   | 2,066,938         | (33,585)               |
| Investment income  | 145,000           | 145,000     | 141,200           | (3,800)                |
| Other revenue  |                   | _           | 3,436             | 3,436                  |
| Total revenues   | 2,245,523         | 2,245,523   | 2,211,574         | (33,949)               |
| Expenditures:  |                   |             |                   |                        |
| Public safety  |                   |             |                   |                        |
| Communications   | 1,013,058         | 1,013,058   | 27,571            | 985,487                |
| Facilities   | 934,000           | 934,000     | 522,594           | 411,406                |
| Equipment  | 2,070,290         | 2,073,850   | 893,717           | 1,180,133              |
| Debt service   | 514,763           | 514,763     | 512,692           | 2,071                  |
| Total expenditures   | 4,532,111         | 4,535,671   | 1,956,574         | 2,579,097              |
| Other financing uses:  |                   |             |                   |                        |
| Transfers out/capital outlay                                   | 122,531           | 122,531     | 122,519           | 12                     |
| Total other financing uses                                     | 122,531           | 122,531     | 122,519           | 12                     |
| Total expenditures and other financing uses                    | 4,654,642         | 4,658,202   | 2,079,093         | 2,579,109              |
| Excess of revenues over (under) expenditures                   |                   |             |                   |                        |
| and other financing uses                                       | \$<br>(2,409,119) | (2,412,679) | 132,481           | 2,545,160              |
| The design stad from a balance of basis wine a former          |                   |             | 0.106.645         |                        |
| Undesignated fund balance at beginning of year                 |                   |             | 2,196,647         |                        |
| Cancellation of prior year encumbrances                        |                   |             | 20,011            |                        |
| Change in other fund balance<br>components during the year (1) |                   |             | 8                 |                        |
| Undesignated Fund Balance at end of year                       |                   | :           | \$ 2,349,147      |                        |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures and Other Financing Uses amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

.

### Exhibit 22.1

.

## **CITY OF INDEPENDENCE, MISSOURI**

**Budgetary Basis Reconciliation Schedule** 

## Police Public Safety Sales Tax Fund

Year ended June 30, 2007

|   | Pol     | ice Public Safety<br>Sales Tax |
|---|---------|--------------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None     | \$      | 2,211,574                      |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$_     | 2,211,574                      |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:           | \$      | 1,956,574                      |
| Outstanding encumbrances at year-end charged to the current year's budget (1)<br>Current year expenditures of encumbrances outstanding at the end of the prior<br>fiscal year (1) |         | (364,881)<br>1,349,497         |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$      | 2,941,190                      |
| (1) Encumbrances for supplies and equipment ordered but not received are reported in the  | ne vear | the order                      |

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

### CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule Fire Public Safety Sales Tax Fund

Year Ended June 30, 2007

|  |      | Budgeter    | l Amounts   | Actual<br>Amounts | Variance<br>with Final |
|--|------|-------------|-------------|-------------------|------------------------|
|  | -    | Original    | Final       | (Budget Basis)    | Budget                 |
| Revenues:  |      |             |             | <u> </u>          |                        |
| Sales taxes  | \$   | 3,977,802   | 3,977,802   | 3,891,487         | (86,315)               |
| Other revenue  |      | 211,000     | 211,000     | 190,384           | (20,616)               |
| Total revenues   |      | 4,188,802   | 4,188,802   | 4,081,871         | (106,931)              |
| Expenditures:  |      |             |             |                   |                        |
| Public safety  |      | 1,444,494   | 1,444,494   | 838,093           | 606,401                |
| Capital outlay   |      | 5,935,373   | 5,935,373   | 999,341           | 4,936,032              |
| Debt service   |      | 553,113     | 553,113     | 549,713           | 3,400                  |
| Total expenditures   |      | 7,932,980   | 7,932,980   | 2,387,147         | 5,545,833              |
| Other financing uses:  |      |             |             |                   |                        |
| Transfers out/capital outlay                                   |      | 136,002     | 136,002     | 136,002           | —                      |
| Total other financing uses                                     | •    | 136,002     | 136,002     | 136,002           |                        |
| Total expenditures and other financing uses                    | -    | 8,068,982   | 8,068,982   | 2,523,149         | 5,545,833              |
| Excess of revenues over (under) expenditures                   |      |             |             |                   |                        |
| and other financing uses                                       | \$ , | (3,880,180) | (3,880,180) | 1,558,722         | 5,438,902              |
| Undesignated fund balance at beginning of year                 |      |             |             | 2,986,952         |                        |
| Change in other fund balance<br>components during the year (1) |      |             |             | (1,977,459)       |                        |
| Undesignated fund balance at end of year                       |      |             |             | \$2,568,215       |                        |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures and Other Financing Uses amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

### Exhibit 23.1

### **CITY OF INDEPENDENCE, MISSOURI**

### **Budgetary Basis Reconciliation Schedule**

## Fire Public Safety Sales Tax Fund

Year ended June 30, 2007

|   |     | Fire Public Safety Sales Tax |  |  |
|---|-----|------------------------------|--|--|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None     | \$  | 4,081,871                    |  |  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$  | 4,081,871                    |  |  |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:           | \$  | 2,387,147                    |  |  |
| Outstanding encumbrances at year-end charged to the current year's budget (1)<br>Current year expenditures of encumbrances outstanding at the end of the prior<br>fiscal year (1) | _   | (443,346)<br>602,822         |  |  |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds   | \$_ | 2,546,623                    |  |  |

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

#### CITY OF INDEPENDENCE, MISSOURI Budgetary Comparison Schedule Grants Fund Year Ended June 30, 2007

|  |    |           |           | Actual         | Variance    |
|--|----|-----------|-----------|----------------|-------------|
|  |    |           | Amounts   | Amounts        | with Final  |
|  |    | Original  | Final     | (Budget Basis) | Budget      |
| Revenues:  |    |           |           |                |             |
| Grants and other shared revenue                                | \$ | 1,066,167 | 3,158,056 | 1,615,439      | (1,542,617) |
| Charges for current services                                   |    | 28,657    | 86,366    | 86,366         |             |
| Interest income and other revenue                              |    |           | 1,861     | 1,371          | (490)       |
| Total revenues   | •  | 1,094,824 | 3,246,283 | 1,703,176      | (1,543,107) |
| Expenditures:  |    |           |           |                |             |
| Law department   |    | 47,624    | 101,322   | 44,269         | 57,053      |
| Police department  |    | 467,796   | 2,083,038 | 1,140,595      | 942,443     |
| Fire department  |    | 43,000    | 91,588    | 69,257         | 22,331      |
| Health department  |    | 536,404   | 786,280   | 502,696        | 283,584     |
| Community development  |    |           | 184,687   | 178,078        | 6,609       |
| Total expenditures   |    | 1,094,824 | 3,246,915 | 1,934,895      | 1,312,020   |
| Excess of revenues over (under) expenditures                   | \$ |           | (632)     | (231,719)      | (231,087)   |
| Undesignated fund balance (deficit) at beginning of year       |    |           |           | (122,647)      |             |
| Change in other fund balance<br>components during the year (1) |    |           |           | 123,159        |             |
| Undesignated fund balance (deficit) at end of year             |    |           |           | \$ (231,207)   |             |

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

## Exhibit 24.1

# **CITY OF INDEPENDENCE, MISSOURI**

.

**Budgetary Basis Reconciliation Schedule** 

## Grants Fund

## Year ended June 30, 2007

|  |        | Grants                               |
|--|--------|--------------------------------------|
| Sources/inflows of resources:<br>Actual amounts (budgetary basis) for total revenues from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>None  | \$     | 1,703,176                            |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$     | 1,703,176                            |
| Uses/outflows of resources:<br>Actual amounts (budgetary basis) for total expenditures from the budgetary<br>comparison schedule<br>Basis differences – budget to GAAP:<br>Outstanding encumbrances at year-end charged to the current year's budget (1)<br>Current year expenditures of encumbrances outstanding at the end of the prior<br>fiscal year (1) | \$     | 1,934, <b>8</b> 95<br>(231,206)<br>— |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balances – governmental funds  | \$     | 1,703,689                            |
| (1) Encumbrances for sumplies and equipment ordered but not received are reported in the   | e veat | the order                            |

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

### CITY OF INDEPENDENCE, MISSOURI Combining Balance Sheet Nonmajor Sales Tax Funds June 30, 2007

.

| Assets   | _   | Street<br>Sales Tax      | Parks<br>Sales Tax               | Storm Water<br>Sales Tax | Police<br>Sales Tax   | Fire<br>Sales Tax      | Total<br>(Exhibit 14)                      |
|--|-----|--------------------------|----------------------------------|--------------------------|-----------------------|------------------------|--|
| Pooled cash and investments<br>Receivables:  | \$  | 521,284                  | 1                                | 10,434,814               | 2,509,489             | 5,181,679              | 18,647,267                                 |
| Taxes  |     | 833,193                  | 555,795                          | 555,934                  | 286,383               | 555,696                | 2,787,001                                  |
| Accrued interest<br>Due from other funds   |     | 10,937<br>1,422,379      | _                                | 131,977<br>16,156        |                       | 32,141                 | 175,055<br>1,438,535                       |
| Restricted assets  |     | 1,694,612                | 1,425,209                        | 95,819                   | 54                    | 58                     | 3,215,752                                  |
| Advance to component unit  | -   |                          | 16,500                           |                          |                       |                        | 16,500                                     |
| Total assets   | \$_ | 4,482,405                | 1,997,505                        | 11,234,700               | 2,795,926             | 5,769,574              | 26,280,110                                 |
| Liabilities and Fund Balances<br>Liabilities:<br>Accounts and contracts payable<br>Due to other funds<br>Accrued items<br>Deferred revenue | \$  | 1,374,302<br>—<br>—<br>— | 1,022,915<br>1,032,957<br>26,029 | 114,334<br><br>          | 43,511<br>—<br>—<br>— | 435,907<br>—<br>—<br>— | 2,990,969<br>1,032,957<br>39,811<br>95,819 |
| Total liabilities  | _   | 1,374,302                | 2,081,901                        | 223,935                  | 43,511                | 435,907                | 4,159,556                                  |
| Fund balances:<br>Reserved for:<br>Encumbrances<br>Other purposes  |     | 3,195,351<br>22,113      | 1,294,561<br>63,514              | 1,003,635                | 403,214<br>54         | 2,765,393<br>58        | 8,662,154<br>85,739                        |
| Unreserved, reported in:<br>Special revenue funds  |     | (109,361)                | (1,442,471)                      | 10,007,130               | 2,349,147             | 2,568,216              | 13,372,661                                 |
| Total fund balances  | -   | 3,108,103                | (84,396)                         | 11,010,765               | 2,752,415             | 5,333,667              | 22,120,554                                 |
| Total liabilities and fund balances  | \$  | 4,482,405                | 1,997,505                        | 11,234,700               | 2,795,926             | 5,769,574              | 26,280,110                                 |
|  | =   |                          |                                  | 2                        |                       |                        |  |

.

#### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Sales Tax Funds

.

Year ended June 30, 2007

|   | Street<br>Sales Tax             | Park<br>Improvements<br>Sales Tax         | Storm Water<br>Sales Tax                   | Police<br>Sales Tax               | Fire<br>Sales Tax        | Total<br>(Exhibit 15)  |
|---|---------------------------------|---|--|-----------------------------------|--------------------------|--|
| Revenues:   |                                 |   |  |                                   |                          |  |
| Taxes<br>Intergovernmental<br>Charges for services<br>Investment income<br>Other  | \$ 5,839,961<br><br>181,951<br> | 3,892,971<br>514,750<br>67,957<br>100,552 | 3,895,405<br>324,684<br>431,463<br>108,782 | 2,066,938<br><br>141,200<br>3,436 | 3,891,487<br><br>190,384 | 19,586,762<br>324,684<br>514,750<br>1,012,955<br>212,770     |
| Total revenues  | 6,021,912                       | 4,576,230                                 | 4,760,334                                  | 2,211,574                         | 4,081,871                | 21,651,921   |
| Expenditures:   |                                 |   |  |                                   |                          |  |
| Current:<br>Public safety<br>Culture and recreation<br>Storm water<br>General government<br>Capital outlay<br>Debt service:   | <br><br>64,173<br>8,372,650     | 2,075,448<br>70,419<br>6,948,415          | 1,232,707<br>1,670,944                     | 2,429,827                         | 997,569<br><br>999,341   | 3,427,396<br>2,075,448<br>1,232,707<br>134,592<br>17,991,350 |
| Principal<br>Interest and fiscal agent fees   | 1,210,000                       | 945,000<br>337,244                        |  | 335,000                           | 360,000                  | 2,850,000<br>881,649   |
| Total expenditures  | 9,825,152                       | 10,376,526                                | 2,903,651                                  | 2,941,190                         | 2,546,623                | 28,593,142   |
| Excess (deficiency) of revenues<br>over expenditures  | (3,803,240)                     | (5,800,296)                               | 1,856,683                                  | (729,616)                         | 1,535,248                | (6,941,221)  |
| Other financing sources (uses):<br>Proceeds from bond issuance<br>Reoffering premium/original issue discount<br>Transfers out | 2,770,000 19,335                | 5,485,000<br>59,345                       | -  | (122,519)                         | (136,002)                | 8,255,000<br>78,680<br>(258,521)                             |
| Total other financing sources (uses)  | 2,789,335                       | 5,544,345                                 |  | (122,519)                         | (136,002)                | 8,075,159  |
| Net change in fund balances   | (1,013,905)                     | (255,951)                                 | 1,856,683                                  | (852,135)                         | 1,399,246                | 1,133,938  |
| Fund balances, beginning  | 4,122,008                       | 171,555                                   | 9,154,082                                  | 3,604,550                         | 3,934,421                | 20,986,616   |
| Fund balances, ending   | \$3,108,103                     | (84,396)                                  | 11,010,765                                 | 2,752,415                         | 5,333,667                | 22,120,554   |

## Exhibit 26

.

,

Combining Balance Sheet

### Nonmajor Capital Projects Funds

## June 30, 2007

| Assets                                      | <u> </u> | Revolving<br>Public<br>Improvements | Buildings<br>and Other<br>Improvements | Storm<br>Drainage | Park<br>Improvements | Total<br>(Exhibit 12) |
|---|----------|-------------------------------------|--|-------------------|----------------------|-----------------------|
| Pooled cash and investments<br>Receivables: | \$       | 19,000                              | 38,330                                 | 1                 | 9,547                | 66,878                |
| Accounts                                    | _        |                                     | 612                                    |                   |                      | 612                   |
| Total assets                                | \$       | 19,000                              | 38,942                                 | 11                | 9,547                | 67,490                |

#### Liabilities and Fund Balances

| Liabilities:<br>Accounts and contracts payable<br>Due to other funds | \$<br>       | 38,792   | 16,156   | <u> </u> | 38,792   |
|--|--------------|----------|----------|----------|----------|
| Total liabilities  | <br>         | 38,792   | 16,156   |          | 54,948   |
| Fund balances (deficit):<br>Reserved for:<br>Encumbrances            | _            | 12,428   | _        | 31,120   | 43,548   |
| Unreserved, reported in:<br>Capital projects funds                   | <br>19,000   | (12,278) | (16,155) | (21,573) | (31,006) |
| Total fund balances (deficit)  | <br>19,000   | 150      | (16,155) | 9,547    | 12,542   |
| Total liabilities and fund balances                                  | \$<br>19,000 | 38,942   | 1        | 9,547    | 67,490   |

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Nonmajor Capital Projects Funds

### Year ended June 30, 2007

|  | _   | Revolving<br>Public<br>Improvements | Buildings<br>and Other<br>Improvements | Storm<br>Drainage | Park<br>Improvements | Total<br>(Exhibit 13) |
|--|-----|-------------------------------------|--|-------------------|----------------------|-----------------------|
| Revenues:<br>Intergovernmental<br>Investment income  | \$  | 787                                 | 1,783,755                              |                   | 396                  | 1,783,755             |
| Total revenues                                       | _   | 787                                 | 1,783,905                              |                   | 396                  | 1,785,088             |
| Expenditures:<br>Capital outlay                      | -   |                                     | 2,514,293                              |                   |                      | 2,514,293             |
| Total expenditures                                   | -   |                                     | 2,514,293                              |                   |                      | 2,514,293             |
| Excess (deficiency) of revenues<br>over expenditures | _   | 787                                 | (730,388)                              |                   | 396                  | (729,205)             |
| Other financing sources (uses):<br>Transfers in      | _   |                                     | 730,538                                |                   |                      | 730,538               |
| Total other financing sources (uses)                 | _   |                                     | 730,538                                | <u> </u>          |                      | 730,538               |
| Net change in fund balances                          |     | 787                                 | 150                                    |                   | 396                  | 1,333                 |
| Fund balances (deficit), beginning                   | _   | 18,213                              |  | (16,155)          | 9,151                | 11,209                |
| Fund balances (deficit), ending                      | \$_ | 19,000                              | 150                                    | (16,155)          | 9,547                | 12,542                |

.

.

#### Exhibit 28

,

1

## CITY OF INDEPENDENCE, MISSOURI

#### **Internal Service Funds**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units on a cost-reimbursement basis.

Central Garage – This fund is used to account for costs of maintenance of the City's fleet of vehicles and mobile equipment and related charges to other departments.

Pharmacy Benefit Plan - This fund is used to account for the costs of the City's self-insured pharmacy/prescription plan.

Staywell Health Care - This fund is used to account for the costs of the City's self-insured healthcare plan.

## Exhibit 29

# CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Net Assets

Internal Service Funds

June 30, 2007

|  | _   | Central<br>Garage              | Pharmacy<br>Benefit<br><u>Plan</u> | Staywell<br>Health<br>Care   | Total<br>(Exhibit 5)                             |
|--|-----|--------------------------------|------------------------------------|------------------------------|--|
| Assets:  |     |                                |                                    |                              |  |
| Current assets:<br>Pooled cash and investments<br>Accounts receivable<br>Accrued interest receivable<br>Inventory  | \$  | 126,382<br>9,046<br><br>90,526 | 1,550<br>7,000                     | 5,014,802<br>51,689<br>6,006 | 5,142,734<br>67,735<br>6,006<br>90,526           |
| Total current assets   |     | 225,954                        | 8,550                              | 5,072,497                    | 5,307,001  |
| Noncurrent assets:<br>Property, plant, and equipment:<br>Land<br>Depreciable property, plant, and equipment<br>Less accumulated depreciation   | _   | 93,979<br>146,481<br>(144,281) |                                    |                              | 93,979<br>146,481<br>(144,281)                   |
| Total noncurrent assets  |     | 96,179                         |                                    |                              | 96,179   |
| Total assets   | \$_ | 322,133                        | 8,550                              | 5,072,497                    | 5,403,180  |
| Liabilities:<br>Current liabilities:<br>Accounts and contracts payable<br>Due to other funds<br>Accrued liabilities<br>Compensated absences – current<br>Medical self-insurance claims | \$  | 45,232<br>7,498<br>29,535      | 37,777<br>75,000<br>—-<br>—-       | <br><br>1,215,829            | 83,009<br>75,000<br>7,498<br>29,535<br>1,215,829 |
| Total current liabilities  | _   | 82,265                         | 112,777                            | 1,215,829                    | 1,410,871  |
| Noncurrent liabilities:<br>Compensated absences – long-term<br>Total liabilities   | _   | 43,320<br>125,585              | 112,777                            | 1,215,829                    | 43,320   |
| Net assets:<br>Invested in capital assets, net of related debt<br>Unrestricted   | -   | 96,179<br>100,369              | (104,227)                          | 3,856,668                    | 96,179<br>3,852,810                              |
| Total net assets   |     | 196,548                        | (104,227)                          | 3,856,668                    | 3,948,989  |
| Total liabilities and net assets   | \$  | 322,133                        | 8,550                              | 5,072,497                    | 5,403,180  |
|  |     |                                |                                    |                              |  |

Exhibit 30

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds

Year ended June 30, 2007

|   |    | Central<br>Garage                    | Pharmacy<br>Benefit<br>Plan | Staywell<br>Health<br>Care | Total<br>(Exhibit 6)                    |
|---|----|--------------------------------------|-----------------------------|----------------------------|---|
| Operating revenues:<br>Charges for services   | \$ | 1,930,884                            | 270,216                     | 12,560,452                 | 14,761,552                              |
| Total operating revenues  |    | 1,930,884                            | 270,216                     | 12,560,452                 | 14,761,552                              |
| Operating expenses:<br>Personal services<br>Other services<br>Supplies<br>Depreciation and amortization | _  | 633,877<br>358,451<br>902,035<br>550 | 382,318                     | 10,630,250                 | 633,877<br>11,371,019<br>902,035<br>550 |
| Total operating expenses  | _  | 1,894,913                            | 382,318                     | 10,630,250                 | 12,907,481                              |
| Operating income (loss)   | _  | 35,971                               | (112,102)                   | 1,930,202                  | 1,854,071                               |
| Nonoperating revenues:<br>Interest revenue<br>Miscellaneous revenue                                     |    | 4,901<br>50,419                      | 875<br>7,000                | 190,977<br>640,641         | 196,753<br>698,060                      |
| Total nonoperating revenue  | _  | 55,320                               | 7,875                       | 831,618                    | 894,813                                 |
| Change in net assets  |    | 91,291                               | (104,227)                   | 2,761,820                  | 2,748,884                               |
| Total net assets:<br>Beginning of the period<br>End of the period                                       | \$ | 105,257<br>196,548                   | (104,227)                   | 1,094,848<br>3,856,668     | 1,200,105                               |

.

### CITY OF INDEPENDENCE, MISSOURI

### Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2007

|  |     |                                       | Internal Sei             | vice Funds                          |  |
|--|-----|---------------------------------------|--------------------------|-------------------------------------|--|
|  | _   | Central<br>Garage                     | Pharmacy<br>Benefit Plan | Staywell<br>Health Care             | Total<br>(Exhibit 7)   |
| Cash flows from operations:<br>Receipts from customers<br>Payments to suppliers<br>Payments to employees   | \$  | 1,980,368<br>(1,330,322)<br>(621,566) | 270,216<br>(269,541)     | 13,197,925<br>(10,803,525)          | 15,448,509<br>(12,403,388)<br>(621,566)                      |
| Net cash provided by<br>operating activities   | -   | 28,480                                | 675                      | 2,394,400                           | 2,423,555  |
| Cash flows from investing activities:<br>Purchases of investments<br>Proceeds from sales and maturities of investments<br>Interest on investments                                | · _ | 4,900                                 | 875                      | (1,726,799)<br>1,721,260<br>192,705 | (1,726,799)<br>1,721,260<br>198,480                          |
| Net cash provided by investing activities  |     | 4,900                                 | 875                      | 187,166                             | 192,941  |
| Net increase in cash and cash equivalents  |     | 33,380                                | 1,550                    | 2,581,566                           | 2,616,496  |
| Cash and cash equivalents at beginning of year   |     | 93,003                                |                          | 2,187,608                           | 2,280,611  |
| Cash and cash equivalents at end of year   | _   | 126,383                               | 1,550                    | 4,769,174                           | 4,897,107  |
| Investments with original maturities greater than 90 days  |     |                                       |                          | 245,627                             | 245,627  |
| Pooled cash and investments  | s   | 126,383                               | 1,550                    | 5,014,801                           | 5,142,734  |
| Reconciliation of operating income (loss) to net cash<br>provided by operating activities:<br>Operating income (loss)  | s   | 35,971                                | (112,102)                | 1,930,202                           | 1,854,071  |
| Adjustments not affecting cash:  | -   |                                       |                          |                                     |  |
| Depreciation and amortization<br>Nonoperating Revenues   |     | 550<br>50,420                         | 7,000                    | 640,640                             | 550<br>698,060   |
| Change in assets and liabilities:<br>Accounts receivable<br>Inventory<br>Accounts and contracts payable<br>Internal balances<br>Accrued liabilities<br>Other current liabilities |     | (938)<br>(65,960)<br>(3,906)<br>      | (7,000)<br>              | (3,169)<br><br><br>(173,273)        | (11,107)<br>(65,960)<br>33,871<br>75,000<br>401<br>(173,273) |
| Compensated absences   | _   | 11,942                                |                          |                                     | 11,942   |
| Total adjustments  |     | (7,491)                               | 112,777                  | 464,198                             | 569,484  |
| Net cash provided by<br>operating activities   | \$_ | 28,480                                | 675                      | 2,394,400                           | 2,423,555  |

.

•

.

.

## **CITY OF INDEPENDENCE, MISSOURI**

## Combining Statement of Changes in Assets and Liabilities

## All Agency Funds

Year ended June 30, 2007

|  | _    | Balance<br>June 30,<br>2006    | Additions        | Deductions       | Balance<br>June 30,<br>2007<br>(Exhibit 8) |
|--|------|--------------------------------|------------------|------------------|--|
| Flexible Benefit Plan:                                     |      |                                |                  |                  |  |
| Assets:<br>Pooled cash and investments                     | \$_  | 11,499                         | 77,129           | 54,652           | 33,976                                     |
| Liabilities:<br>Flexible benefit payable                   | \$   | 11,499                         | 507,891          | 485,414          | 33,976                                     |
| Susie Block Trust:<br>Assets:                              |      |                                |                  |                  |  |
| Pooled cash and investments<br>Accrued interest receivable | \$   | 30,746<br>494                  | 1,524<br>1,324   | 636<br>1,325     | 31,634<br>493                              |
|  | \$   | 31,240                         | 2,848            | 1,961            | 32,127                                     |
| Liabilities:<br>Funds held in escrow                       | \$   | 31,240                         | 1,523            | 636              | 32,127                                     |
| Seniors Travel Programs:<br>Assets:                        |      |                                |                  |                  |  |
| Pooled cash and investments                                | \$_  | 18,532                         | 63,836           | 63,204           | 19,164                                     |
| Liabilities:   |      |                                |                  |                  |  |
| Accounts and contracts payable<br>Funds held in escrow     | \$   | 25                             | 62,512           | 60,943           | 1,594                                      |
| runds held in escrow                                       | \$_  | <u>18,507</u><br><u>18,532</u> | <u> </u>         | <u> </u>         | <u> </u>                                   |
| All Agency Funds:<br>Assets:                               |      |                                |                  |                  |  |
| Pooled cash and investments                                | \$   | 60,777                         | 142,489          | 118,492          | 84,774                                     |
| Accrued interest receivable                                | \$   | <u>494</u><br>61,271           | 1,324<br>143,813 | 1,325<br>119,817 | <u>493</u><br><u>85,267</u>                |
| Liabilities:   |      |                                |                  |                  | ,  |
| Flexible benefit payable                                   | \$   | 11,499                         | 507,891          | 485,414          | 33,976                                     |
| Accounts and contracts payable<br>Funds held in escrow     |      | 25<br>49,747                   | 62,512<br>61,483 | 60,943<br>61,533 | 1,594<br>49,697                            |
|  | \$ _ | 61,271                         | 631,886          | 607,890          | 85,267                                     |
|  |      |                                |                  |                  |  |

#### CITY OF INDEPENDENCE, MISSOURI Combining Balance Sheet

.

**Component Unit - Tax Increment Financing** 

June 30, 2007

| Assets  | Midtown<br>Truman |         | RSO    | Bolger<br>Square | Sante Fe         | Sterling<br>Village | Hartman<br>Heritage | Drumm<br>Farm |
|---|-------------------|---------|--------|------------------|------------------|---------------------|---------------------|---------------|
| Pooled cash and investments<br>Receivables:                       | S                 | 858,933 | 35,084 | 683,036          | 90,592           | 1                   | 321,684             | 651,714       |
| Taxes   |                   | 127     | 12,376 | 17,000           | 1,779            |                     | 24,000              | 19,586        |
| Accounts  |                   | —       | ·      | -                |                  | _                   | -                   |               |
| Due from other funds  |                   |         |        | —                |                  | _                   | 924,836             |               |
| Due from other governments  |                   | 510     | 12,484 | 49,098           | 9,855            | _                   | 48,291              | 1,972         |
| Restricted assets   | _                 |         |        | 854,272          | 1,024,215        |                     | 1,995,204           | 31,053        |
| Total assets  | _ ۲               | 859,570 | 59,944 | 1,603,406        | 1,126,441        | <u> </u>            | 3,314,015           | 704,325       |
| Liabilities and Fund Balances                                     |                   |         |        |                  |                  |                     |                     |               |
| Liabilities:<br>Due to other funds<br>Due to primary government   |                   | _       | _      | =                | _                | 115                 | Ξ                   | =             |
| Total liabilities   | _                 |         |        |                  |                  | 115                 |                     |               |
| Fund balances:<br>Reserved for:<br>Encumbrances<br>Other purposes |                   | _       | Ξ      | 854,272          | 540<br>1,024,215 | Ξ                   | 1,995,204           | 31,053        |
| Unreserved, reported in:<br>Capital projects funds                | _                 | 859,570 | 59,944 | 749,134          | 101,686          | (114)               | 1,318,811           | 673,272       |
| Total fund balances (deficit)                                     |                   | 859,570 | 59,944 | 1,603,406        | 1,126,441        | (114)               | 3,314,015           | 704,325       |
| Total liabilities and fund balances                               | <u>،</u>          | 859,570 | 59,944 | 1,603,406        | 1,126,441        | 1                   | 3,314,015           | 704,325       |

Exhibit 33

| Eastland<br>Center                | North<br>Independence      | Monnt<br>Washington          | <u>Hy-Vee</u>                 | Neland Rd<br>Auto Plaza    | Crackerneck<br>Creek                  | Cornerstone<br>Apartments  |                                       |                         | Total   |
|-----------------------------------|----------------------------|------------------------------|-------------------------------|----------------------------|---------------------------------------|----------------------------|---------------------------------------|-------------------------|---|
| 885,762                           | 12,097                     | 95,429                       | 52,018                        | 14,552                     | 36,048                                |                            | 191,959                               | 6,178                   | 3,935,087   |
| 64,000<br>                        | 3,600<br>                  | 900<br><br>507<br><br>96,836 | 28,000<br>                    |                            | 43,956,392                            | 36,048                     | 21,980,972<br>22,172,931              | 30<br>115<br>           | 171,368<br>30<br>924,951<br>319,443<br>71,892,933<br>77,243,812 |
| 809,408<br>809,408                |                            |                              |                               |                            | 924,836<br>30,137<br>954,973          |                            | <u>481,943</u><br><u>481,943</u>      |                         | 924,951<br>1,321,488<br>2,246,439                               |
| 2,050,825                         | Ξ                          | Ξ                            | _                             | Ξ                          | 2,000<br>43,956,392                   | Ξ                          | <br>21,980,972                        | 6,678<br>—              | 9,218<br>71,892,933   |
| 291,804<br>2,342,629<br>3,152,037 | 21,886<br>21,886<br>21,886 | 96,836<br>96,836<br>96,836   | 119,105<br>119,105<br>119,105 | 14,552<br>14,552<br>14,552 | (956,973)<br>43,001,419<br>43,956,392 | 36,048<br>36,048<br>36,048 | (289,984)<br>21,690,988<br>22,172,931 | (355)<br>6,323<br>6,323 | <u>3,095,222</u><br>74,997,373                                  |

.

Amounts reported in the government-wide statements are different because:

| Unreimbursed certified costs are reported as liabilities and expense at<br>the government-wide level, but not at the fund statement level  | (18,562,915  |
|--|--------------|
| Interest on long-term debt is not accrued in component unit funds, but<br>rather is recognized as an expenditure when due  | (1,955,357   |
| Long term Nabilities, including TTF loans payable are not due and payable in<br>the current period and therefore are not reported in the funds, net of<br>unamortized premiums/discounts |              |
| TIF loans and obligations payable  | (148,341,172 |
| Unamortized issuance costs on TIF loans payable  | 1,293,825    |

Net assets (deficit) of component unit

s <u>(92,568,246)</u>

#### CITY OF INDEPENDENCE, MISSOURI

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Component Unit - Tax Increment Financing

Year ended June 30, 2007

|  | -  | Midtown<br>Truman     | RSO                  | Bolger<br>Square               | Sante Fe                                | Sterling<br>Village | Hartman<br>Heritage                     | Drumm<br>Farm                 |
|--|----|-----------------------|----------------------|--------------------------------|---|---------------------|---|-------------------------------|
| Revenues:<br>Taxes<br>Investment income<br>Developer contributions<br>Other  | \$ | 251,241<br>32,839<br> | 132,425<br>1,121<br> | 1,169,338<br>96,592<br>        | 12,979<br>104,986<br>645,599<br>115,816 | 8,101<br>82<br>—    | 1,618,896<br>197,444<br>                | 306,176<br>29,949<br>         |
| Total revenues   | _  | 284,080               | 133,546              | 1,265,930                      | 879,380                                 | 8,183               | 1,816,340                               | 336,125                       |
| Expenditures:<br>Capital outlay<br>Debt service;<br>Principal<br>Interest and fiscal agent foes  |    | 5,367<br>89,112       | 4,511                | 29,873<br>1,285,000<br>159,908 | 8,149<br>225,000<br>\$75,989            | 8,162               | 53,794<br>666,622<br>1,081,406          | 11,239<br>642,988<br>531,407_ |
| Total expenditures   |    | 94,479                | 189,611              | 1,474,781                      | 809,138                                 | 8,162               | 1,801,822                               | 1,185,634                     |
| Excess (deficiency) of revenues<br>over expenditures   | _  | 189,601               | (\$6,065)            | (208,851)                      | 70,242                                  | 21                  | 14,518                                  | (849,509)                     |
| Other financing sources:<br>Proceeds from bond issuance<br>Reoffering premium/original issue discount<br>Refunding bond issuance<br>Payment to refunded loans escrow agent |    | =                     | =                    | =                              | (176,050)<br>10,060,000<br>(9,881,140)  | -                   | (102,659)<br>10,330,000<br>(10,296,478) | 995,000<br>(26,061)           |
| Total other financing sources  |    |                       | <u> </u>             |                                | 2,810                                   |                     | (69,137)                                | 968,939                       |
| Net change in fund balances  |    | 189,601               | (56,065)             | (208,851)                      | 73,052                                  | 21                  | (54,619)                                | 119,430                       |
| Fund balances (deficit), beginning, as restated  | _  | 669,969               | 116,009              | 1,812,257                      | 1,053,389                               | (135)               | 3,368,634                               | 584,895                       |
| Fund balances (deficit), ending  | s_ | 859,570               | 59,944               | 1,603,406                      | 1,126,441                               | (114)               | 3,314,015                               | 704,325                       |

| Eastland<br>Center                    | North<br>Independence | Mount<br>Washington  | Hy-Vee               | Noland Rd<br>Auto Plaza | Crackerneck<br>Creek | Cornerstone<br>Apartments | ПСА                         | TIF App<br>Fees | Total   |
|---------------------------------------|-----------------------|----------------------|----------------------|-------------------------|----------------------|---------------------------|-----------------------------|-----------------|---|
| 3,141,480<br>275,552<br>—             | 81,715<br>1,041<br>—  | 89,763<br>2,884<br>— | 627,586<br>6,804<br> | 12,410<br>712<br>       | 2,698,110            | 287,499<br>12,647<br>—    | 89,728<br>170,870<br>—      | 315             | 7,829,337<br>3,631,948<br>645,599<br>115,816          |
| 3,417,032                             | 82,756                | 92,647               | 634,390              | 13,122                  | 2,698,110            | 300,146                   | 260,598                     | 315             | 12,222,700  |
| 2,520,300                             | 1,545                 | 1,883                | 12,485               | 32,622                  | 15,512,046           | 5,152                     | 2,047,654                   | 4,810           | 20,259,592  |
| 950,000<br>1,238,733                  | 14,137<br>56,614      |                      | 407,897              | <u> </u>                | 3,886,135            | 342,417<br>205,167        | 381,260                     |                 | 4,808,273<br>8,334,487                                |
| 4,709,033                             | 72,296                | 1,883                | 638,250              | 32,622                  | 19,398,181           | 552,736                   | 2,428,914                   | 4,810           | 33,402,352  |
| (1,292,001)                           | 10,460                | 90,764               | (3,860)              | (19,500)                | (16,700,071)         | (252,590)                 | (2,168,316)                 | (4,495)         | (21,179,652)  |
| 168,948<br>19,390,000<br>(19,853,421) |                       |                      |                      |                         |                      |                           | 24,700,000<br>(264,470)<br> |                 | 25,695,000<br>(400,292)<br>39,780,000<br>(40,031,039) |
| (294,473)                             |                       | <u></u>              |                      |                         |                      |                           | 24,435,530                  |                 | 25,043,669  |
| (1,586,474)                           | 10,460                | 90,764               | (3,860)              | (19,500)                | (16,700,071)         | (252,590)                 | 22,267,214                  | (4,495)         | 3,864,017   |
| 3,929,103                             | 11,426                | 6,072                | 122,965              | 34,052                  | 59,701,490           | 288,638                   | (576,226)                   | 10,818          | 71,133,356  |
| 2,342,629                             | 21,886                | 96,836               | 119,105              | 14,552                  | 43,001,419           | 36,048                    | 21,690,988                  | 6,323           | 74,997,373  |

Amounts reported in the government-wide statements are different because:

| Change in fund balances   |   | 2 | 3,864,017               |
|---|---|---|-------------------------|
| Unreimbursed certified costs are reported a<br>government-wide level  | as liabilities and expenses at the  |   | (6,856,837)             |
| Bond proceeds provide current financial re<br>funds, but issuing dobt increases long-term<br>assets. Repayment of bond principal is an<br>Financing funds, but the repayment reduce<br>of net assets. This is the amount by which<br>Also, Tax increment Financing funds report<br>discounts, and similar items when dobt is fi<br>are deferred and amorized in the statement<br>net effect of these differences in treatment | liabilities in the statement of net<br>expenditure in Tax Increment<br>s long-term liabilities in the statement<br>proceeds exceeded net assets.<br>It the effect of issuance costs, premiums,<br>rst issued, whereas these amounts<br>to factivities. This amount is the |   |                         |
|   | Loan proceeds<br>Reoffering premium/original issue discount   |   | (65,475,000)<br>400,292 |
|   | Payment to refunded bond escrow agent   |   | 40.031.039              |
|   | Principal payments  |   | 4,808,273               |
|   | Amortizations of discounts & premiums   |   | (156,697)               |
|   |   |   |                         |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the Tax Increment Financing funds.

#### Accrued interest

(273,226) \$ (23,658,139)

•

(20,392,093)

Change in net assets of Tax Increment Financing funds

Exhibit 35

## CITY OF INDEPENDENCE, MISSOURI

•

## Schedules of Operating Expenses - Power and Light Fund

Years ended June 30, 2007 and 2006

|  |     |                      | 2007              |    |                      |            | 2006              |                     |
|--|-----|----------------------|-------------------|----|----------------------|------------|-------------------|---------------------|
|  |     | Operations           | Maintenance       |    | Total                | Operations | Maintenance_      | Total               |
| Production fuel:<br>Coal                                   |     |                      |                   | \$ | 12.622.306           |            |                   | 11,570,449          |
| Gas  |     |                      |                   | 9  | 954,560              |            |                   | 1,162,206           |
| Oil  |     |                      |                   | _  | 258,367              |            |                   | 340,946             |
| Total production fuel                                      |     |                      |                   | _  | 13,835,233           |            |                   | 13,073,601          |
| Purchased power:   |     |                      |                   |    |                      |            |                   |                     |
| Purchased energy   |     |                      |                   |    | 24,837,788           |            |                   | 21,370,750          |
| Purchased capacity (net)<br>Border customers               |     |                      |                   |    | 7,570,000<br>25,301  |            |                   | 7,430,000<br>27,555 |
| Control and dispatching                                    |     |                      |                   |    | 732,995              |            |                   | 707,200             |
| Total purchased power                                      |     |                      |                   | _  | 33,166,084           |            |                   | 29,535,505          |
| Production (other):<br>Blue Valley Station:                |     |                      |                   |    |                      |            |                   |                     |
| Supervision and engineering                                | \$  | 537.061              | 560.579           |    | 1,097,640            | 513,343    | 662,538           | 1,175,881           |
| Steam  | •   | 753,929              | 2,561,813         |    | 3,315,742            | 720,001    | 2,637,791         | 3,357,792           |
| Electric   |     | 731,897              | 1,017,536         |    | 1,749,433            | 701,830    | 505,519           | 1,207,349           |
| Structures and improvements                                |     | 100 (0)              | 65,623            |    | 65,623               |            | 96,261            | 96,261              |
| Allowance<br>Miscellaneous                                 |     | 127,606<br>1,314,493 | 399,346           |    | 127,606<br>1,713,839 | 904,129    | 371,835           | 1,275,964           |
|  |     | 3,464,986            | 4,604,897         | _  | 8,069,883            | 2,839,303  | 4,273,944         | 7,113,247           |
| Missouri City Station:                                     |     |                      |                   | _  | -                    |            |                   |                     |
| Supervision and engineering                                |     | 42,739               | 19,528            |    | 62,267               | 38,642     | 67,429            | 106,071             |
| Steam  |     | 348,196              | 772,702           |    | 1,120,898            | 370,893    | 1,436,840         | 1,807,733           |
| Electric<br>Structures and improvements                    |     | 357,850              | 93,684            |    | 451,534              | 376,918    | 177,614           | 554,532             |
| Miscellaneous  |     | 361,105              | 71,624<br>199,376 |    | 71,624<br>560,481    | 381,951    | 37,717<br>174,861 | 37,717<br>556,812   |
|  | -   | 1,109,890            | 1,156,914         | -  | 2,266,804            | 1,168,404  | 1,894,461         |                     |
|  |     | 1,107,090            | 1,130,914         | -  | 2,200,804            | 1,108,404  | 1,894,401         | 3,062,865           |
| Combustion Turbine Station:<br>Supervision and engineering |     | 7                    | 3,396             |    | 3,403                |            | 3,602             | 2 (02               |
| Generation expenses  |     |                      | 70,868            |    | 70,868               | _          | 91,992            | 3,602<br>91,992     |
| Structures and improvements                                |     |                      | 24,510            |    | 24,510               |            | 66,004            | 66,004              |
| Miscellaneous  |     | 15,445               | 62,412            | _  | 77,857               | 11,589     | 33,256            | 44,845              |
|  |     | 15,452               | 161,186           | _  | 176,638              | 11,589     | 194,854           | 206,443             |
| Total production (other)                                   | \$_ | 4,590,328            | 5,922,997         | ÷  | 10,513,325           | 4,019,296  | 6,363,259         | 10,382,555          |
| Transmission and distribution:<br>Transmission:            |     |                      |                   |    |                      |            |                   |                     |
| Supervision and engineering                                | \$  | 163,773              | 17,308            |    | 181.081              | 148,778    | 16,901            | 165,679             |
| Overhead expenses  |     | 35,742               | 2,015             |    | 37,757               | 21,579     |                   | 21,579              |
| Station expenses<br>Wheeling charges                       |     | 13,414               | 197,849           |    | 211,263              | 24,526     | 147,251           | 171,777             |
| Underground line expense                                   |     | 1,238,314            | 6,511             |    | 1,238,314<br>6,511   | 1,205,483  | _                 | 1,205,483           |
| Miscellaneous  |     | 1,271                |                   |    | 1,271                | 347        |                   | 347                 |
| Total transmission   | _   | 1,452,514            | 223,683           | _  | 1,676,197            | 1,400,713  | 164,152           | 1,564,865           |
|  |     |                      |                   |    |                      |            |                   |                     |

## Exhibit 35

## CITY OF INDEPENDENCE, MISSOURI

## Schedules of Operating Expenses - Power and Light Fund

Years ended June 30, 2007 and 2006

|  |    | 2007       |             |    |            | 2006       |             |            |  |
|--|----|------------|-------------|----|------------|------------|-------------|------------|--|
|  | -  | Operations | Maintenance |    | Total      | Operations | Maintenance | Total      |  |
| Distribution                           |    |            |             |    |            |            |             |            |  |
| Supervision and engineering            | \$ | 89,147     | 51,930      |    | 141,077    | 72,094     | 43,687      | 115,781    |  |
| Overhead lines                         |    | 822,660    | 2,593,735   |    | 3,416,395  | 736,325    | 2,629,242   | 3,365,567  |  |
| Station expenses                       |    | 214,058    | 394,745     |    | 608,803    | 211,618    | 359,740     | 571,358    |  |
| Street lights and traffic signals      |    | 240,341    | 482,928     |    | 723,269    | 163,635    | 403,352     | 566,987    |  |
| Meters                                 |    | 174,909    | 651,826     |    | 826,735    | 174,454    | 666,902     | 841,356    |  |
| Customer installations                 |    | 1,817      | —           |    | 1,817      | 895        |             | 895        |  |
| Underground lines                      |    | 765,826    | 609,300     |    | 1,375,126  | 618,127    | 526,954     | 1,145,081  |  |
| Dispatching communication              |    | 711,237    |             |    | 711,237    | 653,431    |             | 653,431    |  |
| Line transformers                      |    | 86,711     | —           |    | 86,711     | _          | 129,556     | 129,556    |  |
| Miscellaneous                          | _  | 532,988    | 147,425     |    | 680,413    | 588,146    | 119,313     | 707,459    |  |
| Total distribution                     | -  | 3,639,694  | 4,931,889   |    | 8,571,583  | 3,218,725  | 4,878,746   | 8,097,471  |  |
| Total transmission and<br>distribution | \$ | 5,092,208  | 5,155,572   |    | 10,247,780 | 4,619,438  | 5,042,898   | 9,662,336  |  |
| Customer service:                      | =  |            |             |    |            |            |             |            |  |
| Supervision                            |    |            |             | \$ | 215,582    |            |             | 236,095    |  |
| Meter reading                          |    |            |             | 9  | 546,361    |            |             | 639,315    |  |
| Customer records and collections       |    |            |             |    | 1,498,331  |            |             | 1.416.847  |  |
| Provisions for doubtful accounts       |    |            |             |    | 666,385    |            |             | 566,899    |  |
| Miscellaneous                          |    |            |             |    | 39,925     |            |             | 113,724    |  |
| Total customer service                 |    |            |             | -  |            |            |             | 2,972,880  |  |
|  |    |            |             | •  | 2,966,584  |            |             | 2,972,000  |  |
| General and administrative:            |    |            |             |    |            |            |             |            |  |
| Salaries                               |    |            |             |    | 734,886    |            |             | 884,108    |  |
| Office supplies                        |    |            |             |    | 517,742    |            |             | 562,907    |  |
| Insurance                              |    |            |             | •  | 876,643    |            |             | 888,007    |  |
| Injuries and damage                    |    |            |             |    | 383,154    |            |             | 502,123    |  |
| Employee benefits                      |    |            |             |    | 3,904,850  |            |             | 3,597,333  |  |
| Outside services                       |    |            |             |    | 1,516,695  |            |             | 1,419,752  |  |
| Miscellaneous                          |    |            |             |    | 923,913    |            |             | 1,089,413  |  |
| Administrative expenses – transfers    |    |            |             |    | (53,593)   |            |             | (60,227)   |  |
| Total general and                      |    |            |             |    |            |            |             |            |  |
| administrative                         |    |            |             |    | 8,804,290  |            |             | 8,883,416  |  |
| Depreciation and amortization          |    |            |             |    | 9,429,199  |            |             | 9,192,811  |  |
| Payroll taxes                          |    |            |             |    | 890,009    |            |             | 859,184    |  |
| Total operating expenses               |    |            |             | \$ | 89,852,504 |            |             | 84,562,288 |  |
|  |    |            |             |    |            |            |             |            |  |

## CITY OF INDEPENDENCE, MISSOURI

## Schedule of Operating Statistics - Power and Light Fund

Year ended June 30, 2007

|  | Number of            | customers   |    |             |               |
|--|----------------------|-------------|----|-------------|---------------|
|  | Beginning<br>of year | End of year | •  | Revenue     | КШ            |
| Sale of electric energy:                         |                      |             |    |             |               |
| Metered:   |                      |             |    |             |               |
| Residential                                      | 51,317               | 51,431      | \$ | 52,186,688  | 533,364,366   |
| Small general services                           | 3,012                | 3,037       |    | 3,754,103   | 31,300,328    |
| General services – space heating                 | 1                    | 2           |    | 1,605       | 32,798        |
| Large general services                           | 1,614                | 1,630       |    | 29,878,644  | 353,348,828   |
| Large general services – prime voltage           | 10                   | 10          |    | 1,446,941   | 19,662,520    |
| Large general services – space heating           | 2                    | 2           |    | 8,861       | 91,569        |
| Total electric general services                  | 86                   | 89          |    | 3,723,916   | 52,015,610    |
| Schools, churches, and hospitals                 | 282                  | 285         |    | 3,770,417   | 42,512,812    |
| Schools, churches, and hospitals, all electric   | 7                    | 7           |    | 258,609     | 3,481,905     |
| Large power services                             | 6                    | 6           |    | 2,850,399   | 44,685,720    |
| Sewer pumping                                    | 6                    | 6           |    | 152,654     | 1,618,656     |
| City traffic signals                             | 58                   | 58          |    | 62,048      | 274,096       |
| Wholesale (border customers)                     | _                    | —           |    | 130,281     | 6,402,194     |
| Wholesale (interchange)                          |                      |             |    | 665,680     | 15,758,000    |
|  | 56,401               | 56,563      |    | 98,890,846  | 1,104,549,402 |
| Unmetered:                                       |                      |             |    |             |               |
| Private security lighting                        | 1,564                | 1,588       |    | 284,913     | 1,387,613     |
| City public street lighting                      | 11,225               | 11,489      |    | 1,152,741   | 9,248,468     |
|  | 12,789               | 13,077      |    | 1,437,654   | 10,636,081    |
| Increase in unbilled revenue                     |                      |             |    | 1,571,828   | 3,747,587     |
| Other operating revenue                          |                      |             |    | 1,232,921   | , ,           |
| Total operating revenue and total energy sal     | es                   |             | \$ | 103,133,249 | 1,118,933,070 |
| Net generation                                   |                      |             | -  |             | 394,541,596   |
| Wholesale power purchased                        |                      |             |    |             | 786,117,786   |
| Unintentional interchange                        |                      |             |    |             | (27,000)      |
| Net generation and power purchased               |                      |             |    |             | 1,180,632,382 |
| • • •  |                      |             |    |             |               |
| Retail energy sales                              |                      |             |    |             | 1,096,772,876 |
| Wholesale (border customers) sales               |                      |             |    |             | 22,160,194    |
| Power and light usage (building and substations) |                      |             |    |             | 1,425,761     |
| Net disposition                                  |                      |             |    |             | 1,120,358,831 |
| Transmission and distribution operating los      | ses                  |             |    |             | \$ 60,273,551 |

í

## CITY OF INDEPENDENCE, MISSOURI Schedules of Operating Expenses – Water Fund

Years ended June 30, 2007 and 2006

|   |                |                | 2007              |                       |                               | 2006             |                            |
|---|----------------|----------------|-------------------|-----------------------|-------------------------------|------------------|----------------------------|
|   | Opera          | tions          | Maintenance       | Total                 | Operations                    | Maintenance      | Total                      |
| Production:   |                |                |                   |                       |                               |                  |                            |
| Source of supply:   |                |                |                   |                       |                               |                  |                            |
| Supervision and engineering   |                | 3,033          | -                 | 23,033                | 22,936                        | ~                | 22,936                     |
| Labor and expenses  | 21             | 1,547          |                   | 211,547               | 213,086                       | 220,469          | 213,086                    |
| Structures and improvements<br>Miscellaneous  |                | _              | 124,040<br>98,141 | 124,040<br>98,141     |                               | 368,764          | 220,469<br>368,764         |
| Total source of supply  | 23             | 4,580          | 222,181           | 456,761               | 236,022                       | 589,233          | 825,255                    |
| Power and pumping:  |                | 1,500          |                   |                       |                               |                  |                            |
| Supervision and engineering   | 3              | 4,052          | 11,676            | 45,728                | 33,047                        | 10,104           | 43,151                     |
| Fuel/power purchased  |                | 2,086          | _                 | 1,322,086             | 1,273,337                     |                  | 1,273,337                  |
| Labor and expenses  | 15             | 3,022          | . —               | 153,022               | 158,719                       |                  | 158,719                    |
| Structures and improvements   |                | —              | 6,773             | 6,773                 | -                             | 6,155            | 6,155                      |
| Miscellaneous   | 1.50           | 0.160          | 19,781            | 19,781                | 1,465,103                     | <u> </u>         | <u>13,064</u><br>1,494,426 |
| Total power and pumping<br>Water treatment:   |                | 9,160          | 38,230            | 1,547,390             | 1,403,103                     | 29,525           | 1,494,420                  |
| Supervision and engineering   | 4              | 1,594          | 16,777            | 58,371                | 38,732                        | 16,110           | 54,842                     |
| Chemicals   |                | 9,139          |                   | 849,139               | 840,001                       |                  | 840,001                    |
| Labor and expenses  |                | 1,415          | _                 | 531,415               | 520,557                       |                  | 520, <b>557</b>            |
| Structures and improvements   |                |                | 177,817           | 177,817               | ·                             | 21,175           | 21,175                     |
| Miscellaneous   |                |                | 239,910           | 239,910               |                               | 245,543          | 245,543                    |
| Total water treatment<br>Total production   |                | 2,148          | 434,504           | 1,856,652             | <u>1,399,290</u><br>3,100,415 | 282,828          | 1,682,118                  |
|   | \$ <u>3,16</u> | 5,888          | 694,915           | 3,860,803             | 3,100,415                     | 901,384          | 4,001,799                  |
| Transmission and distribution:  | •              |                |                   |                       |                               | <b>*</b> / 0/0   |                            |
| Supervision and engineering<br>Storage facilities   |                | 2,823<br>5,586 | 54,987            | 137,810               | 78,653                        | 51,862<br>44,179 | 130,515<br>58,778          |
| Transmission and distribution lines   |                | 5,580<br>6,840 | 49,868<br>658,592 | 65,454<br>1,275,432   | 14,599<br>621,227             | 871,403          | 1,492,630                  |
| Meters  |                | 4,094          | 134,429           | 378,523               | 217,496                       | 134,368          | 351,864                    |
| Customer installations  |                | 7,794          |                   | 77,794                | 70,746                        |                  | 70,746                     |
| Services  |                | ·              | 205,625           | 205,625               |                               | 238,108          | 238,108                    |
| Hydrants  |                |                | 61,105            | 61,105                |                               | 62,275           | 62,275                     |
| Miscellaneous   |                | 8,316          | 105,842           | 604,158               | 421,622                       | 95,300           | 516,922                    |
| Total transmission and distribution   | 3 1,55         | 5,453          | 1,270,448         | 2,805,901             | 1,424,343                     | <u> </u>         | 2,921,838                  |
| Customer service:   |                |                |                   |                       |                               |                  |                            |
| Customer accounting paid and collecting:  |                |                |                   | • • • • • • • • •     |                               |                  |                            |
| Supervision<br>Meter reading  |                |                |                   | \$ 143,076<br>698,574 |                               |                  | 140,454<br>688,979         |
| Customer records  |                |                |                   | 91,511                |                               |                  | 48,920                     |
| Provision for uncollectible amounts   |                |                |                   | 80,860                |                               |                  | 51,296                     |
| Total customer accounting   |                |                |                   |                       |                               |                  |                            |
| paid and collecting   |                |                |                   | 1,014,021             |                               |                  | 929,649                    |
| Sales promotion:<br>Expenses  |                |                |                   | 32,474                |                               |                  | 37,216                     |
| Total customer service  |                |                |                   | 1,046,495             |                               |                  | 966,865                    |
| General and administrative:   |                |                |                   |                       |                               |                  |                            |
| Salaries  |                |                |                   | 452,440               |                               |                  | 506,890                    |
| Office supplies and expense   |                |                |                   | 286,465               |                               |                  | 339,736                    |
| Injuries and damages  |                |                |                   | 467,381               |                               |                  | 709,429                    |
| Employee benefits   |                |                |                   | 1,567,553             |                               |                  | 1,433,023                  |
| Outside services<br>Miscellaneous   |                |                |                   | 983,710               |                               |                  | 947,177                    |
|   |                |                |                   | 192,758               |                               |                  | 172,305                    |
| Total general and administrative  |                |                |                   | 3,950,307             |                               |                  | 4,108,560                  |
| Depreciation and amortization   |                |                |                   | 2,388,295             |                               |                  | 2,119,896                  |
| Payroll taxes<br>Other  |                |                |                   | 313,998<br>63,043     |                               |                  | 301,881<br>85,269          |
| Total operating expenses  |                |                |                   | 14,428,842            |                               |                  | 14,506,108                 |
| Certain amounts are presented as a reduction of   |                |                |                   |                       |                               |                  |                            |
| operating expenses, whereas they are included   |                |                |                   |                       |                               |                  |                            |
| as miscellaneous revenue in the statement of revenues, expenses, and changes in fund net asse | ts             |                |                   | 1,307,833             |                               |                  | 1,172,341                  |
| ter inter, esperate, and enanges in fund her asso   | -              |                |                   |                       |                               |                  |                            |
|   |                |                |                   | \$ <u>15,736,675</u>  |                               |                  | 15,678,449                 |

### Exhibit 37

## Exhibit 38

.

## CITY OF INDEPENDENCE, MISSOURI

## Schedule of Operating Statistics - Water Fund

## Year ended June 30, 2007

|   | Number of            | customers   |     |                      |                         |
|---|----------------------|-------------|-----|----------------------|-------------------------|
|   | Beginning<br>of year | End of year |     | Revenue              | MGS*                    |
| Sale of water:  |                      |             |     |                      | 0.006.680               |
| Residential   | 44,742               | 44,836      | \$  | 8,657,593            | 3,286,570               |
| Commercial  | 3,027                | 3,067       |     | 2,347,234            | 974,695                 |
| Industrial  | 8                    | 8           |     | 367,863              | 275,179                 |
| Public authority  | 66                   | 69          |     | 228,957              | 94,745                  |
| Resale  | 13                   | 13          |     | 5,232,779            | 4,764,000               |
| Private fire protection   | 354                  | 365         |     | 66,558               | _                       |
| Public fire protection  |                      |             |     | 641,548              | <u> </u>                |
|   | 48,210               | 48,358      | =   | 17,542,532           | 9,395,189               |
| Decrease in unbilled revenue<br>Other operating revenue                 |                      |             |     | (150,474)<br>352,346 |                         |
| Total operating revenue   |                      |             | \$_ | 17,744,404           |                         |
| Thousands of gallons pumped:<br>Courtney Bend Plant<br>Less total sales |                      |             |     |                      | 10,852,778<br>9,395,189 |
| Unaccounted for water   |                      |             |     |                      | 1,457,589               |
| * Thousand gallons sold.  |                      |             |     |                      |                         |

.

## CITY OF INDEPENDENCE, MISSOURI

## Schedule of Operating Statistics - Sanitary Sewer Fund

.

-

.

Year ended June 30, 2007

|   | Number of            | customers   | -   |             |           |
|---|----------------------|-------------|-----|-------------|-----------|
|   | Beginning<br>of year | End of year |     | Revenue     | CCF*      |
| Sale of sanitary sewer services:                        |                      |             |     |             |           |
| Residential<br>Commercial:                              | 40,767               | 40,832      | \$  | 9,584,113   | 3,012,448 |
| Base  | 3,523                | 3,519       |     | 4,004,546   | 1,738,329 |
| Surcharge   |                      | <u></u>     |     | 581,344     |           |
| Contract waste treatment<br>Intermunicipal agreements:  | 14                   | 14          |     | 253,867     |           |
| Sugar Creek   |                      | <del></del> |     | 84,032      |           |
| Kansas City   | <u> </u>             |             |     | 378,862     |           |
|   | 44,304               | 44,365      | =   | 14,886,764  | 4,750,777 |
| Other operating revenue<br>Increase in unbilled revenue |                      |             |     | 138,170<br> |           |
| Total operating revenue                                 |                      |             | \$_ | 15,058,695  |           |
| * Hundred cubic feet.                                   |                      |             | _   |             |           |

# STATISTICAL SECTION

This part of the City of Independence's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| Contents  | Tables  |
|---|---------|
| Financial Trends  |         |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.   | 1 - 4   |
| Revenue Capacity  |         |
| These schedules contain information to help the reader assess the City's most significant local revenue sources.  | 5 - 15  |
| Debt Capacity   |         |
| These schedules present information to help the reader assess the affordability of the<br>City's current levels of outstanding debt and the City's ability to issue additional debt<br>in the future  | 16 - 20 |
| Demographic and Economic Information  |         |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.  | 21 - 22 |
| Operating Information   |         |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.  | 23 - 25 |
| <b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year. |         |

#### City of Independence, Missouri Net Assets by Component Last Six Fiscal Years (accrual basis of accounting)

.

|   |    |              |              | Fiscal Year  |             |             | _                 |
|---|----|--------------|--------------|--------------|-------------|-------------|-------------------|
|   |    | 2002         | 2003         | 2004         | 2005        | 2006        | 2007              |
| Governmental activities                         |    |              |              |              | <u> </u>    |             |                   |
| Invested in capital assets, net of related debt | \$ | 64,450,833   | 75,199,757   | 86,613,728   | 102,014,271 | 165,333,646 | 195,251,671       |
| Restricted                                      |    | 5,523,788    | 8,932,152    | 12,415,044   | 26,147,417  | 25,262,407  | 28,164,683        |
| Unrestricted                                    |    | (37,143,473) | (43,181,083) | (48,877,412) | (5,752,346) | (4,028,884) | (3,132,802)       |
| Total governmental activities net assets        | \$ | 32,831,148   | 40,950,826   | 50,151,360   | 122,409,342 | 186,567,169 | 220,283,552       |
| -   |    |              |              |              |             |             |                   |
| Business-type activities                        | \$ |              |              |              |             |             |                   |
| Invested in capital assets, net of related debt |    | 205,396,875  | 210,181,962  | 212,840,200  | 233,908,193 | 246,080,008 | 267,330,916       |
| Restricted                                      |    | 500,000      | 500,000      | 500,000      | 500,000     | 731,652     | 731,101           |
| Unrestricted                                    |    | 75,880,444   | 78,252,510   | 85,443,314   | 72,143,939  | 70,071,662  | 60,010,180        |
| Total business-type activities net assets       | \$ | 281,777,319  | 288,934,472  | 298,783,514  | 306,552,132 | 316,883,322 | 328,072,197       |
|   | _  |              |              |              |             |             |                   |
| Primary government                              |    |              |              |              |             |             |                   |
| Invested in capital assets, net of related debt | 5  | 269,847,708  | 285,381,719  | 299,453,928  | 335,922,464 | 411,413,654 | 462,582,587       |
| Restricted                                      |    | 6,023,788    | 9,432,152    | 12,915,044   | 26,647,417  | 25,994,059  | 28,895,784        |
| Unrestricted                                    |    | 38,736,971   | 35,071,427   | 36,565,902   | 66,391,593  | 66,042,778  | <u>56,877,378</u> |
| Total primary government net assets             | \$ | 314,608,467  | 329,885,298  | 348,934,874  | 428,961,474 | 503,450,491 | 548,355,749       |
|   |    |              |              |              |             |             |                   |

Note: GASB 34 was implemented in the 2002 fiscal year, so only six fiscal years are shown.

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

#### Table 1

.

#### City of Independence, Missouri Changes in Net Assets Last Six Fiscal Years (accrual basis of accounting)

•

.

|   |                |             | Fiscal Year |             |             |             |
|---|----------------|-------------|-------------|-------------|-------------|-------------|
|   | 2002           | 2003        | 2004        | 2005        | 2006        | 2007        |
| Expenses  |                |             |             |             |             |             |
| Governmental activities:                        |                |             |             |             |             |             |
| Administrative services                         | \$ 6,840,135   | 6,846,123   | 6,808,416   | 7,148,065   | 7,363,102   | 7,749,779   |
| Public safety                                   | 31,837,122     | 33,028,116  | 32,987,626  | 35,069,866  | 36,796,996  | 38,253,819  |
| Public works                                    | 6,842,096      | 6,686,542   | 6,196,849   | 6,889,773   | 12,817,343  | 13,231,006  |
| Health and welfare                              | 2,267,210      | 2,376,921   | 2,524,823   | 2,421,255   | 2,638,369   | 2,898,542   |
| Culture and recreation                          | 3,279,161      | 3,861,827   | 4,069,244   | 4,247,735   | 5,161,139   | 6,965,260   |
| Community development                           | 3,554,250      | 3,319,609   | 3,471,030   | 3,372,610   | 3,809,726   | 4,096,835   |
| Storm water                                     | 846,628        | 1,081,513   | 1,043,573   | 1,493,534   | 1,641,992   | 2,193,290   |
| General government                              | 25,247,320     | 11,149,913  | 15,012,715  | 6,266,060   | 6,678,208   | 8,225,760   |
| Interest on long-term debt                      | 2,874,711      | 2,955,628   | 3,237,213   | 536,124     | 991,856     | 1,050,153   |
| Total governmental activities expenses          | 83,588,633     | 71,306,192  | 75,351,489  | 67,445,022  | 77,898,731  | 84,664,444  |
| Business-type activities:                       |                |             |             |             |             |             |
| Power and light                                 | 60,903,841     | 65,841,126  | 71,641,843  | 73,531,757  | 84,564,657  | 89,265,988  |
| Water   | 14,581,301     | 15,297,405  | 15,352,095  | 16,394,488  | 17,097,507  | 17,723,114  |
| Sewer   | 11,021,666     | 11,535,324  | 11,381,487  | 11,995,774  | 12,236,654  | 12,721,171  |
| Total business-type activities expenses         | 86,506,808     | 92,673,855  | 98,375,425  | 101,922,019 | 113,898,818 | 119,710,273 |
| Total primary government expenses               | \$ 170,095,441 | 163,980,047 | 173,726,914 | 169,367,041 | 191,797,549 | 204,374,717 |
| Program Revenues                                |                |             |             |             |             |             |
| Governmental activities:                        |                |             |             |             |             |             |
| Charges for services:                           |                |             |             |             |             |             |
| Administrative services                         | \$ 5,146,121   | 5.063.353   | 5,117,112   | 5.067.474   | 5.512.413   | 5,696,158   |
| Public safety                                   | 3,420,032      | 3,758,528   | 3.618.327   | 3.841.471   | 4,588,766   | 4,202,328   |
| Public works                                    | 640,648        | 649,768     | 1,916,080   | 802,206     | 1,003,761   | 1,338,479   |
| Health and weifare                              | 99,427         | 321,312     | 487,956     | 482,601     | 435,775     | 723,574     |
| Culture and recreation                          | 325,980        | 153,669     | 252,814     | 619,630     | 975,889     | 845,560     |
| Community development                           | 1,625,139      | 2,019,153   | 2,088,279   | 2,050,172   | 2,203,367   | 2,292,638   |
| Storm water                                     | 33,114         | (16,212)    | 2,000,210   | 2,000,112   | 2,200,000   | _,,         |
| General government                              | 20,000         | 20,000      | 15,000      |             |             |             |
| Operating grants and contributions              | 14,058,454     | 8,818,594   | 9,181,339   | 9,336,061   | 9,199,332   | 9,957,178   |
| Capital grants and contributions                | 2,020,559      | 1,221,356   | 957,411     | 7,242,924   | 26,417,977  | 23,963,312  |
| Total governmental activities program revenues  | 27,389,474     | 22,009,521  | 23,614,318  | 29,442,539  | 50,337,280  | 49,019,227  |
| Business-type activities:                       |                |             |             |             |             |             |
| Charges for services:                           |                |             |             |             |             |             |
| Power and light                                 | 72,278,837     | 77,276,647  | 81,333,414  | 82,592,294  | 98.278.354  | 103,133,249 |
| Water   | 15,224,354     | 15,937,835  | 16,610,572  | 17,080,050  | 18,312,720  | 17,744,404  |
| Sewer   | 12,652,848     | 12,753,946  | 13,320,317  | 13,975,780  | 14,364,165  | 15,058,695  |
| Operating grants and contributions              | 12,345         | 256         | -           | -           | -           | -           |
| Capital grants and contributions                | 1,856,784      | 847,188     | 4,031,475   | 3,491,383   | 2,964,925   | 5,562,049   |
| Total business-type activities program revenues | 102,025,168    | 106,815,872 | 115,295,778 | 117,139,507 | 133,920,164 | 141,498,397 |
| Total primary government program revenues       | \$ 129,414,642 | 128,825,393 | 138,910,096 | 146,582,046 | 184,257,444 | 190,517,624 |

Table 2

,

|                                       |               |              |              | Fiscal Year  |              |              |              |
|---------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                       | -             | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         |
|                                       |               |              |              |              |              |              |              |
| Net (expense)/revenue                 |               |              |              |              |              |              |              |
| Governmental activities               | \$            | (56,199,159) | (49,296,671) | (51,737,171) | (38,002,483) | (27,561,451) | (35,645,217) |
| Business-type activities              |               | 15,518,360   | 14,142,017   | 16,920,353   | 15,217,488   | 20,021,346   | 21,788,124   |
| Total primary government net expense  | \$_           | (40,680,799) | (35,154,654) | (34,816,818) | (22,784,995) | (7,540,105)  | (13,857,093) |
| General Revenues and Other Changes in |               |              |              |              |              |              |              |
| Net Assets                            |               |              |              |              |              |              |              |
| Governmental activities:              |               |              |              |              |              |              |              |
| Taxes                                 |               |              |              |              |              |              |              |
| Property taxes                        | \$            | 6,020,217    | 6,104,668    | 6,458,742    | 6,564,690    | 6,895,323    | 6,952,380    |
| Sales and use taxes                   |               | 33,144,312   | 34,286,925   | 35,423,599   | 33,295,203   | 37,754,853   | 37,728,799   |
| Franchise taxes                       |               | 6,545,093    | 6,718,262    | 7,241,437    | 7,500,356    | 7,645,601    | 8,209,734    |
| Financial Institutions tax            |               | 31,592       | 32,412       | 29,000       | 37,149       | 22,181       | 34,802       |
| Unrestricted grants and contributions |               | -            | •            |              | -            | -            | -            |
| Investment earnings                   |               | 782,241      | 404,173      | 583,364      | 922,701      | 1,385,126    | 1,785,111    |
| Miscellaneous                         |               | 1,356,305    | 535,932      | 1,646,836    | 1,143,207    | 714,149      | 589,469      |
| Payments to component unit            |               | -            | -            | -            | (24,722)     | -            | •            |
| Transfers                             | _             | 8,661,735    | 9,333,977    | 9,554,727    | 10,038,823   | 13,167,930   | 13,180,055   |
| Total governmental activities         | -             | 56,541,495   | 57,416,349   | 60,937,705   | 59,477,407   | 67,585,163   | 68,480,350   |
| Business-type activities:             |               |              |              |              |              |              |              |
| Investment earnings                   |               | 2,539,975    | 822,222      | 709,029      | 1,567,536    | 2,449,623    | 2,532,853    |
| Miscellaneous                         |               | 1,297,923    | 1,526,891    | 1,774,387    | 1.022.417    | 436,132      | 47,953       |
| Transfers                             |               | (8,661,735)  | (9,333,977)  | (9,554,727)  | (10,038,823) | (13,167,930) | (13,180,055) |
| Total business-type activities        | _             | (4,823,837)  | (6,984,864)  | (7,071,311)  | (7,448,870)  | (10,282,175) | (10,599,249) |
| Total primary government              | \$_           | 51,717,658   | 50,431,485   | 53,866,394   | 52,028,537   | 57,302,988   | 57,881,101   |
| Changes in Net Assets                 |               |              |              |              |              |              |              |
| Governmental activities               | \$            | 342,336      | 8,119,678    | 9,200,534    | 21,474,924   | 40.023.712   | 32,835,133   |
| Business-type activities              | ¥             | 10,694,523   | 7,157,153    | 9,849,042    | 7,768,618    | 9,739,171    | 11,188,875   |
| Total primary government              | s <sup></sup> | 11,036,859   | 15,276,831   | 19.049.576   | 29,243,542   | 49,762,883   | 44,024,008   |
| · · · · · · · · · · · · · · · · · · · | *⇔            |              |              | 10,040,010   |              |              | 44,024,000   |

Note: GASB 34 was implemented in the 2002 fiscal year, so only six fiscal years are shown.

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

-

#### City of Independence, Missouri Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

|  |    | 1998                | 1999                     | 2000                      | 2001                  | 2002                   | 2003                   | 2004                             | 2005                                | 2006                                 | 2007                                |
|--|----|---------------------|--------------------------|---------------------------|-----------------------|------------------------|------------------------|----------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| General Fund   |    |                     |                          |                           |                       |                        |                        |                                  |                                     |                                      |                                     |
| Reserved   | 5  | 2,781,988           | 1,067,199                | 1,560,069                 | 1,920,726             | 2,781,944              | 2,035,038              | 1,651,092                        | 1,650,890                           | 1,756,039                            | 2,200,693                           |
| Unreserved   |    | 5,003,772           | 5,084,981                | 4,569,292                 | 6,048,288             | 4,312,262              | 2,924,267              | 3,515,412                        | 3,196,765                           | 6,029,006                            | 4,534,005                           |
| Total General Fund   | s  | 7,785,760           | 6,152,180                | 6,229,361                 | 7,969,012             | 7,094,206              | 4,959,305              | 5,166,504                        | 4,847,655                           | 7,785,045                            | 6,734,698                           |
| All other governmental funds<br>Reserved   | \$ | 3,069,291           | 6,470,603                | 5,242,826                 | 8,128,170             | 13,698,370             | 11,092,566             | 15,656,867                       | 18,110,689                          | 20,788,820                           | 10,928,435                          |
| Unreserved, reported in:<br>Special revenue funds<br>Capital project funds<br>Debt service funds |    | 47,798<br>482,056   | (2,107,168)<br>2,995,634 | (1,329,823)<br>14,793,222 | 615,397<br>11,055,378 | 2,377,668<br>4,105,280 | 8,324,381<br>4,508,288 | 8,619,880<br>2,476,752<br>92,704 | 17,461,153<br>(3,837,893)<br>92,278 | 14,250,375<br>(10,687,320)<br>86,300 | 17,620,241<br>(1,859,546)<br>82,229 |
| Permanent lunds<br>Total all other governmental funds  | s  | 10,614<br>3,609,757 | 11,158<br>7,370,429      | 11,770<br>18,717,895      | 12,606<br>19,811,551  | 12,968                 | 13,160<br>21,938,395   | 13,274<br>26,859,477             | 13,818<br>31,839,823                | 14,220<br>24,450,195                 | 9,870<br>26,781,029                 |

118

Note In 2005 the Tax Increment Financing lunds were removed from the primary government presentation and shown as a component unit.

Table 3

,

#### City of Independence, Missouri Changes in Fund Batances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

|  | 1998                | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |             |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Revenues   |                     |              |              |              |              |              |              |              |              |             |
| Taxes  | \$ 28,676,729       | 31,932,412   | 38,199,482   | 43,719,249   | 45,709,622   | 47,109,855   | 49,123,780   | 47,360,251   | 52,295,777   | 52          |
| Licenses, fees and permits                       | 2,325,055           | 2,476,897    | 2,928,678    | 3.532.316    | 3.957.533    | 4.315.628    | 4,951,856    | 4,670,617    | 5.073.944    | 5           |
| Intergovernmental                                | 9,260,166           | 10,913,472   | 13,815,850   | 10.643.440   | 16,012,619   | 9,902,274    | 10.091.764   | 13,013,181   | 21,762,714   | 16.         |
| Charges for services                             | 652,381             | 815,537      | 1,377,717    | 1,682,455    | 1,494,189    | 1,619,823    | 1,569,283    | 2,023,297    | 2,926,800    | 2           |
| Interfund charges for support services           | 2,749,077           | 3,070,849    | 2,889,644    | 2,757,684    | 2,791,637    | 2,704,534    | 2,767,631    | 2,700,215    | 2,949,682    | 3.          |
| Fines, forfeitures, and court costs              | 2,409,688           | 2,666,084    | 2,997,092    | 3,010,798    | 3,199,906    | 3.502.074    | 3.219.276    | 3,521,377    | 4,023,981    | 3.          |
| Investment earnings                              | 608,123             | 430,556      | 852,855      | 1.570.953    | 757,872      | 381,435      | 571,402      | 901,209      | 1,309,569    | 1.          |
| Reimbursements from component unit               |                     |              |              |              |              |              |              |              |              | 3.          |
| Other  | 448,323             | 266,960      | 667,564      | 561.284      | 1,337,102    | 649,613      | 1,619,995    | 1,260,113    | 493,127      |             |
| Total revenues                                   | 47,129,542          | 52,572,747   | 63,728,882   | 67,478,379   | 75,260,480   | 70,085,237   | 73,914,987   | 75,450,260   | 90,835,594   | 90          |
| Expanditures                                     |                     |              |              |              |              |              |              |              |              |             |
| Administrative services                          | 5,354,047           | 5.628.079    | 6.021.065    | 6.343,908    | 6,477,775    | 6.542.594    | 6,593,368    | 6,610,489    | 6,897,346    | 7.          |
| Public safety                                    | 24,506,015          | 28,603,191   | 30,360,187   | 29,136,004   | 31,290,454   | 32,088,292   | 32,271,567   | 35,462,979   | 38,976,460   | 39.         |
| Public works                                     | 5,374,067           | 6,847,093    | 5,976,941    | 6,867,407    | 6,227,171    | 6,251,537    | 6,035,389    | 5,930,041    | 6.586.771    | 7.          |
| Health and weifare                               | 1,089,234           | 1,214,950    | 1,175,739    | 1,292,388    | 2,193,035    | 2,300,201    | 2.395.294    | 2,419,833    | 2.614.557    | 2           |
| Culture and recreation                           | 2,008,489           | 2,480,903    | 3,465,943    | 4,017,361    | 2,973,715    | 3,552,903    | 3,752,185    | 4,048,187    | 4,628,228    | 5.          |
| Community development                            | 3.667,407           | 1,500,797    | 1,476,358    | 4,022,061    | 3,515,626    | 3,242,153    | 3,446,574    | 3,278,951    | 3,712,454    |             |
| Storm water                                      |                     |              | -            |              | 615,654      | 990,671      | 820,703      | 1,160,789    | 1,141,595    | i.          |
| General government                               | 4,106,742           | 5.094.621    | 4,204,337    | 4.750.611    | 10,794,758   | 6,147,462    | 6,964,848    | 7,148,583    | 6,678,208    | Ť           |
| Captial outlay                                   | 5,998,692           | 13,282,127   | 22,365,404   | 28,716,658   | 29,255,681   | 17,123,501   | 20,481,873   | 21,040,394   | 33,296,700   | 31.         |
| Debt Service                                     |                     |              |              |              |              |              | 20,401,070   | 21,010,001   | 00,100,700   | <b>91</b> , |
| Principal  | 844,289             | 950,267      | 3.398,532    | 3.001.233    | 1.740.531    | 2,164,932    | 3,554,106    | 1,019,196    | 3,230,099    | 3.          |
| Interest   | 568,694             | 802.889      | 1,038,447    | 1,917,662    | 2,738,107    | 2,933,752    | 3,153,530    | 246,458      | 996,600      | 17          |
| Total expenditures                               | 53,537,876          | 66,404,917   | 79,460,953   | 90,065,293   | 98,020,507   | 83,337,998   | 89,469,435   | 88,393,899   | 108,759,018  | 111         |
| Excess of revenues                               |                     |              |              |              |              |              |              |              |              |             |
| over (under) expenditures                        | (6,408,334)         | (13,832,170) | (15,752,071) | (22,586,914) | (22,760,027) | (13,252,761) | (15,554,448) | (12,943,639) | (17,923,424) | (21,        |
| Other Financing Sources (Uses)                   |                     |              |              |              |              |              |              |              |              |             |
| Transfers in                                     | 866,738             | 1,371,913    | 1,696,776    | 809,418      | 1,686,134    | 1,817,327    | 651,553      | 222,429      | 1,724,648    | 2.          |
| Transfers out                                    | (1,082,329)         | (1,261,630)  | (1,719,652)  | (876,333)    | (1,636,219)  | (1,870,055)  | (609,637)    | (362,921)    | (1,181,579)  | (1,         |
| Issuance of dabt                                 | -                   | 7,494,074    | 18,663,971   | 14,940,720   | 13,437,830   | 3,516,885    | 11,096,464   | 20,748,448   | •            | 8,          |
| Transfers in - utility payments in lieu of taxes | 7,995,774           | 8,318,643    | 8,430,063    | 9,507,367    | 8,811,819    | 9,386,705    | 9,712,812    | 10,179,317   | 12,624,861   | 13,         |
| Sale of capital assets                           | 64,279              | 44,245       | 63,838       | 44,659       | 168,381      | 11,109       | 31,537       | 56,379       | 303,255_     |             |
| Total other financing sources (uses)             | 7,844,462           | 15,967,445   | 27,134,998   | 24,425,831   | 22,267,945   | 12,861,971   | 20,682,729   | 30,843,652   | 13,471,185   | 21,         |
| Net change in fund balances                      | \$ <u>1,436,128</u> | 2,135,275    | 11,362,925   | 1,838,917    | (492,082)    | (390,790)    | 5,128,281    | 17,900,013   | (4,452,239)  |             |
| Debl service as a percentage                     |                     |              |              |              |              |              |              |              | •            |             |
| of non capital expenditures                      | 2.76%               | 2.74%        | 6.05%        | 5.77%        | 5.37%        | 7.18%        | 8.80%        | 1.95%        | 5.76%        |             |

Note In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

Note: The years 1998 - 2001 include the expendable trust funds. The years 2002 - 2007 do not include expendable trust funds, but do include the permanent fund (per GAS8 34 requirements).

Note: For 2005 certain amounts have been raclassified.

Table 4

.

•

#### City of Independence, Missouri Total City Taxable Sales by Category Last Eight Calendar Years (In thousands of dollars)

|                                    | <br>          |         |         | Calendar Year |         |         |          |         |
|------------------------------------|---------------|---------|---------|---------------|---------|---------|----------|---------|
| Sales by Retail Category:          | <br>1999      | 2000    | 2001    | 2002          | 2003    | 2004    | 2005     | 2006    |
| Apparel stores                     | \$<br>5,179   | 6,626   | 6,790   | 6,531         | 6,867   | 7,895   | 9,253    | 10,607  |
| General merchandise                | 5,279         | 5,053   | 4,076   | 4,196         | 3,796   | 3,635   | 3,371    | 2,969   |
| Food stores                        | 148,340       | 152,366 | 152,067 | 150,569       | 147,796 | 159,198 | 163,242  | 165,438 |
| Eating and drinking establishments | 44,849        | 53,051  | 57,876  | 70,881        | 74,365  | 77,657  | . 83,386 | 90,409  |
| Home furnishings and appliances    | 50,137        | 68,810  | 65,007  | 59,892        | 56,520  | 49,998  | 50,102   | 48,061  |
| Building materials and farm tools  | 2,534         | 5,824   | 7,082   | 8,091         | 8,084   | 8,615   | 7,667    | 7,575   |
| Construction/Remodeling            | 2,429         | 2,779   | 2,873   | 2,939         | 3,253   | 3,265   | 3,177    | 1,516   |
| Auto dealers and supplies          | 8,581         | 9,188   | 11,341  | 12,165        | 12,082  | 12,081  | 11,590   | 11,718  |
| Service stations                   | 28,512        | 34,679  | 35,082  | 40,969        | 41,741  | 47,314  | 51,165   | 50,665  |
| Other retail stores                | 70,475        | 85,501  | 118,621 | 121,069       | 113,820 | 80,792  | 109,099  | 109,890 |
| All other outlets                  | 36,836        | 43,071  | 36,625  | 41,197        | 46,787  | 37,885  | 39,487   | 44,545  |
| Total                              | \$<br>403,151 | 466,948 | 497,440 | 518,499       | 515,111 | 488,335 | 531,539  | 543,393 |

Note: Amounts for 2007 are not provided due to only receiving partial year figures.

Note: Amounts for years prior to 1999 are not available.

Source: Missouri Department of Revenue

.

Table 6

#### City of Independence, Missouri Sales Tax Rates Direct and Overlapping Governments Last Nine Calendar Years (in percent)

|  |       | Calendar Year |       |       |       |       |       |       |       |  |
|--|-------|---------------|-------|-------|-------|-------|-------|-------|-------|--|
| Direct Sales Tax Rate City of Independence | 1999  | 2000          | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  |  |
| General Fund                               | 1.000 | 1.000         | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |  |
| Street Improvements                        | 0.000 | 0.375         | 0.375 | 0,375 | 0.375 | 0.375 | 0.375 | 0.375 | 0.375 |  |
| Park Improvements                          | 0.000 | 0.125         | 0.125 | 0.125 | 0.125 | 0.125 | 0.250 | 0.250 | 0.250 |  |
| Storm Water Improvements                   | 0.000 | 0.000         | 0.000 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 |  |
| Police Public Safety                       | 0.000 | 0.000         | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.125 | 0.125 |  |
| Fire Public Safety                         | 0.000 | 0.000         | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.250 | 0.250 |  |
| Direct Sales Tax Rate City of Independence | 1.000 | 1.500         | 1.500 | 1.750 | 1.750 | 1.750 | 1.875 | 2.250 | 2.250 |  |
| Transportation Development District        | 0.000 | 0.000         | 0.000 | 0.000 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 |  |
| Total Direct Sales Tax Rate                | 1.000 | 1.500         | 1.500 | 1.750 | 1.875 | 1.875 | 2.000 | 2.375 | 2.375 |  |
|  |       |               |       |       |       |       |       |       |       |  |

|   | Calendar Year |       |       |       |       |       |       |       |       |  |  |
|---|---------------|-------|-------|-------|-------|-------|-------|-------|-------|--|--|
| Total Local Option Sales Tax Rate           | 1999          | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  |  |  |
| State of Missouri                           | 4,000         | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 |  |  |
| Mo. State Conservation                      | 0.125         | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 |  |  |
| Mo. State Parks and Soil                    | 0.100         | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0,100 | 0.100 |  |  |
| Jackson County                              | 0.875         | 0.875 | 0.875 | 0.875 | 0.750 | 0.750 | 0.750 | 0.750 | 1.125 |  |  |
| City of Independence                        | 1.000         | 1.500 | 1.500 | 1.750 | 1.750 | 1.750 | 1.875 | 2.250 | 2.250 |  |  |
| Transportation Development District         | 0.000         | 0.000 | 0.000 | 0.000 | 0.125 | 0,125 | 0.125 | 0.125 | 0.125 |  |  |
| Total Direct and Overlapping Sales Tax Rate | 6.100         | 6.600 | 6.600 | 6.850 | 6.850 | 6.850 | 6.975 | 7.350 | 7.725 |  |  |

.

Note: The rate shown for the Transportation Development District is for the 39th Street corridor only.

Note: Amounts for years prior to 1999 are not available.

Source: Missouri Department of Revenue

#### City of Independence, Missouri Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

| Fiscal Year |   |             |   | Re           | at Pri | operty      |    |               |   | Other       | Pro | perty       |    | Total Taxable |    |              |    | Estimated     | Assessed Value  |
|-------------|---|-------------|---|--------------|--------|-------------|----|---------------|---|-------------|-----|-------------|----|---------------|----|--------------|----|---------------|-----------------|
| Ended       | - | Residential |   | Agricultural |        | Commercial  |    |               |   | Personal    |     | Railroads   |    | Assessed      |    | Total Direct |    | Market        | as a Percentage |
| June 30,    |   | Property    |   | Property     |        | Property    |    | Total         |   | Property    | _   | & Utilities | _  | Value         |    | Tax Rate     |    | Value         | of Actual Value |
| 1998        | s | NA          | s | NA           | \$     | NA          | \$ | 663.252.770   | s | 220,203,155 | s   | 9,949,439   | \$ | 893,405,364   | \$ | 0.7600       | \$ | 3,689,437,915 | 24.22%          |
| 1999        | • | NA          | • | NA           | •      | NA          | •  | 729,733,570   | • | 230,747,110 | -   | 4,617,427   |    | 965.098.107   | •  | 0.7500       | •  | 4.096.490.672 | 23.56%          |
| 2000        |   | NA          |   | NA           |        | NA          |    | 744,308,027   |   | 236,853,824 |     | 4,984,684   |    | 986,146,535   |    | 0.7500       |    | 4,240,368,802 | 23.26%          |
| 2001        |   | 586,564,394 |   | 1,074,288    |        | 208,300,830 |    | 795,939,512   |   | 240,711,303 |     | 6,135,652   |    | 1,042,786,467 |    | 0.7500       |    | 4,489,104,193 | 23.23%          |
| 2002        |   | 599,989,193 |   | 1,076,138    |        | 214,841,925 |    | 815,907,256   |   | 256,263,298 |     | 5,927,578   |    | 1,078,098,132 |    | 0.7500       |    | 4,626,269,825 | 23.30%          |
| 2003        |   | 680,890,499 |   | 1,042,495    |        | 236,512,469 |    | 918,445,463   |   | 246,919,958 |     | 5,437,187   |    | 1,170,802,608 |    | 0.7500       |    | 5,089,915,714 | 23.00%          |
| 2004        |   | 692,984,990 |   | 1,058,124    |        | 240,816,129 |    | 934,859,243   |   | 257,027,857 |     | 5,855,433   |    | 1,197,742,533 |    | 0.6930       |    | 5,198,811,179 | 23.04%          |
| 2005        |   | 774,627,429 |   | 1,142,640    |        | 256,016,698 |    | 1,031,786,767 |   | 256,782,138 |     | 5,777,002   |    | 1,294,345,907 |    | 0.6930       |    | 5,675,731,312 | 22.80%          |
| 2006        |   | 789,999,343 |   | 1,132,567    |        | 255,766,766 |    | 1,046,898,676 |   | 266,654,033 |     | 6,349,801   |    | 1,319,902,510 |    | 0.6630       |    | 5,787,206,471 | 22.81%          |
| 2007        |   | 826,183,410 |   | 1,077,386    |        | 289,266,376 |    | 1,116,527,172 |   | 278,254,929 |     | 5,828,914   |    | 1,400,611,015 |    | 0.6630       |    | 6,115,085,122 | 22.90%          |

Note: The Jackson County Assessor's Office did not start breaking out the Real Property into Residential, Agricultural, and Commercial until 2001.

Note: The assessed value is set at 19% for residential property; 12% for agricultural property; and 32% for commercial property of the etimated fair market value.

Note: The City does not assess taxes on personal property.

Source: Jackson County Assessor's Office and Clay County Assessor's Office.

#### City of Independence, MIssouri Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years (rate per \$100 assessed value)

.

\_

.

|                            | City Direct Rates (1) Metropolitan   |  |  |  |                 |        |                                   |        | Overlapping Rates (2 & 3)         |               |                   |    |       |
|----------------------------|--|--|--|--|-----------------|--------|-----------------------------------|--------|-----------------------------------|---------------|-------------------|----|-------|
| <sup>-</sup> iscal<br>Year | <br>Basic/General<br>Rate  | Public Health<br>& Recreation  | Det<br>Servi   |  | Total<br>Direct | _      | Metropolitan<br>Junior<br>College | lr<br> | ndependence<br>School<br>District |               | Jackson<br>County |    | State |
| 1998                       | \$<br>0.520  | \$ 0.240   | \$   | - \$   | 0.760           | \$     | 0.220                             | \$     | 4.290                             | \$            | 1.073             | \$ | 0.03  |
| 1999                       | 0.510  | 0.240  |  | -  | 0.750           |        | 0.220                             |        | 4.290                             |               | 1.093             |    | 0.03  |
| 2000                       | 0.510  | 0.240  |  | -  | 0.750           |        | 0.230                             |        | 4.460                             |               | 1.103             |    | 0.03  |
| 2001                       | 0.510  | 0.240  |  | -  | 0.750           |        | 0.230                             |        | 4.460                             |               | 1.103             |    | 0.03  |
| 2002                       | 0.510  | 0.240  |  | -  | 0.750           |        | 0.230                             |        | 4.990                             |               | 1.113             |    | 0.03  |
| 2003                       | 0.510  | 0.240  |  | -  | 0.750           |        | 0.230                             |        | 5.190                             |               | 1.113             |    | 0.03  |
| 2004                       | 0.471  | 0.222  |  | -  | 0.693           |        | 0.230                             |        | 5.190                             |               | 1.107             |    | 0.03  |
| 2005                       | 0.471  | 0.222  |  | -  | 0.693           |        | 0.230                             |        | 5.190                             |               | 1.107             |    | 0.03  |
| 2006                       | 0.451  | 0.212  |  | -  | 0.663           |        | 0.217                             |        | 5.084                             |               | 1.060             |    | 0.03  |
| 2007                       | 0.451  | 0.212  |  | -  | 0.663           |        | 0.217                             |        | 5.084                             |               | 1.063             |    | 0.03  |
| Notes:                     | <br>assessed valua   | und and Public Hea<br>Ition. There is no I   | imit on the le   |  |                 |        |                                   | atutes | to \$1.00 and                     | \$.40         | per \$100.00      |    |       |
| Notes:                     | <br>assessed valua<br>County Tax Bre   | ition. There is no l<br>akdown for Curre   | imit on the le<br>nt Year:   | vy rates for   |                 |        |                                   | atutes | to \$1.00 and                     | <b>\$</b> .40 | per \$100.00      |    |       |
| Notes:                     | <br>assessed valua<br>County Tax Bre<br>Health & Welfa   | ition. There is no l<br>akdown for Curre   | imit on the le<br>nt Year:   | vy rates for<br>).156  |                 |        |                                   | atutes | s to \$1.00 and                   | <b>\$</b> .40 | per \$100.00      |    |       |
| Notes:                     | <br>assessed valua<br>County Tax Bre<br>Health & Welfa<br>General Fund   | ition. There is no l<br>eakdown for Curres<br>re Fund  | imit on the le<br>nt Year:<br>(  | /y rates for<br>).156<br>).156   |                 |        |                                   | atutes | s to \$1.00 and                   | <b>\$</b> .40 | per \$100.00      |    |       |
| Notes:                     | <br>assessed valua<br>County Tax Bre<br>Health & Welfa<br>General Fund<br>Road & Bridge  | ition. There is no l<br>eakdown for Curres<br>re Fund  | imit on the le<br>nt Year:<br>()<br>()   | vy rates for<br>).156<br>).156<br>).138  |                 |        |                                   | atutes | ; to \$1.00 and                   | <b>\$</b> .40 | per \$100.00      |    |       |
| Notes:                     | <br>assessed valua<br>County Tax Bre<br>Health & Welfa<br>General Fund<br>Road & Bridge<br>Park Fund   | ntion. There is no l<br>eakdown for Curren<br>re Fund<br>Fund  | imit on the le<br>ht Year:<br>(<br>(<br>)<br>(   | /y rates for<br>).156<br>).156<br>).138<br>).088   |                 |        |                                   | atutes | ; to \$1.00 and                   | \$.40         | per \$100.00      |    |       |
| Notes:                     | <br>assessed value<br>County Tax Bre<br>Health & Welfa<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent I  | ntion. There is no l<br>eakdown for Curren<br>re Fund<br>Fund  | imit on the le<br>nt Year:<br>(<br>(<br>(<br>(<br>(<br>(<br>(  | /y rates for<br>).156<br>).156<br>).138<br>).088<br>).326  |                 |        |                                   | atutes | s to \$1.00 and                   | <b>\$</b> .40 | per \$100.00      |    |       |
| Notes:                     | <br>assessed valua<br>County Tax Bre<br>Health & Welfa<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent I<br>Handicap  | ntion. There is no l<br>eakdown for Curren<br>re Fund<br>Fund  | imit on the le<br>nt Year:<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>() | y rates for<br>0.156<br>0.156<br>0.138<br>0.088<br>0.326<br>0.077                                  |                 |        |                                   | atutes | s to \$1.00 and                   | \$.40         | per \$100.00      |    |       |
| Notes:                     | <br>assessed value<br>County Tax Bre<br>Health & Welfa<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent I<br>Handicap<br>Mental Health   | ntion. There is no l<br>eakdown for Curren<br>re Fund<br>Fund  | imit on the le<br>nt Year:<br>()<br>()<br>()   | ry rates for<br>).156<br>).156<br>).138<br>).088<br>).326<br>).077<br>).123                        |                 |        |                                   | atutes | s to \$1.00 and                   | \$.40         | per \$100.00      |    |       |
| Notes:                     | <br>assessed valua<br>County Tax Bre<br>Health & Welfa<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent I<br>Handicap<br>Mental Health<br>Total County   | ttion. There is no l<br>eakdown for Curren<br>re Fund<br>Fund<br>Public Library<br>nool districts are in                           | imit on the le<br>nt Year:<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>() | ry rates for<br>).156<br>).156<br>).138<br>).088<br>).326<br>).077<br>).123<br>1.063               | General Debt    | and In | nterest.                          |        |                                   |               |                   |    |       |
| Notes:                     | <br>assessed value<br>County Tax Bre<br>Health & Welfa<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent I<br>Handicap<br>Mental Health<br>Total County<br>Three other sct                      | ttion. There is no I<br>eakdown for Currer<br>re Fund<br>Fund<br>Public Library<br>nool districts are in<br>s are:                 | imit on the le<br>nt Year:   | ry rates for<br>).156<br>).156<br>).138<br>).088<br>).326<br>).077<br>).123<br>1.063               | General Debt    | and In | nterest.                          |        |                                   |               |                   |    |       |
| Notes:                     | <br>assessed value<br>County Tax Bre<br>Health & Welfa<br>General Fund<br>Road & Bridge<br>Park Fund<br>Mid-Continent I<br>Handicap<br>Mental Health<br>Total County<br>Three other sct<br>In these district | ttion. There is no l<br>sakdown for Currer<br>re Fund<br>Fund<br>Public Library<br>nool districts are in<br>s are:<br>organized #1 | imit on the le<br>t Year:<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()<br>()                    | ry rates for<br>).156<br>).156<br>).138<br>).088<br>).326<br>).077<br>).123<br>1.063<br>County por | General Debt    | and In | nterest.                          |        |                                   |               |                   |    |       |

Note: Taxes are due November 1, delinquent after December 31. A penalty of 1% per month, up to a maximum of 10% is added for each month of delinquency. Collections are enforced through the attachment and sale of the property. Commercial real property is also assessed an additional "replacement tax" of 1.437 per \$100 assessed value.

123

#### City of Independence, Missouri Principal Property Taxpayers Current Year and Nine Years Ago

.

|                                     |                       | 2007 |   |     |                   | 1998 |   |
|-------------------------------------|-----------------------|------|---|-----|-------------------|------|---|
|                                     | <br>Total<br>Assessed |      | Percentage of Total<br>Taxable Assessed |     | Total<br>Assessed |      | Percentage of Total<br>Taxable Assessed |
| Taxpayer                            | <br>Value             | Rank | Value                                   | ·   | Value             | Rank | Value                                   |
| Simon Property Group LP             | \$<br>19,238,350      | 1    | 1.51%                                   | \$  | 14,647,130        | 1    | 2.19%                                   |
| DDR MDT Independence Commons LLC    | 9,611,830             | 2    | 0.75%                                   |     |                   |      |   |
| Geospace                            | 8,846,690             | 3    | 0.69%                                   |     | 7,807,220         | 2    | 1.17%                                   |
| Sprint Spectrum                     | 5,607,925             | 4    | 0.44%                                   |     |                   |      |   |
| Bradley Operating LTD PTP           | 5,499,410             | 5    | 0.43%                                   |     |                   |      |   |
| Burd & Fletcher Co                  | 5,157,954             | 6    | 0.41%                                   |     |                   |      |   |
| Noland Fashion Square Partners      | 5,103,999             | 7    | 0.40%                                   |     | 6,128,010         | 3    | 0.92%                                   |
| Unilever Bestfoods NA               | 4,751,475             | 8    | 0.37%                                   |     |                   |      |   |
| Southern Union Company              | 4,257,589             | 9    | 0.33%                                   |     | 3,413,960         | 6    | 0.51%                                   |
| Mansion Apartments LLC              | 3,321,200             | 10   | 0.26%                                   |     |                   |      |   |
| Wild Woodys                         |                       |      |   |     | 4,976,000         | 4    | 0.75%                                   |
| Southwestern Bell                   |                       |      |   |     | 3,860,123         | 5    | 0.58%                                   |
| Independence Apartments Association |                       |      |   |     | 3,458,000         | 7    | 0.52%                                   |
| Galen of Kansas City Inc.           |                       |      |   |     | 3,018,240         | 8    | 0.45%                                   |
| Commercial Distribution Center      |                       |      |   |     | 2,993,320         | 9    | 0.45%                                   |
| KCP & L                             |                       |      |   |     | 2,414,888         | 10   | 0.36%                                   |
| Total                               | \$<br>71,396,422      |      | 5.61%                                   | \$_ | 52,716,891        |      | 7.90%                                   |

Source: Jackson County Collection Department

Table 10

#### City of Independence, Missouri Property Tax Levies and Collections Last Ten Fiscal Years

.

. n

|                               |                                     | Collected within Fis | scal Year of Levy     |  | Total Collections to Date |           |                       |
|-------------------------------|-------------------------------------|----------------------|-----------------------|--|---------------------------|-----------|-----------------------|
| Fiscal Year<br>Ended June 30, | <br>Taxes Levied<br>for Fiscal Year | <br>Amount           | Percentage<br>of Levy | <br>Collections in<br>Subsequent Years | _                         | Amount    | Percentage<br>of Levy |
| 1998                          | \$<br>4,984,727                     | \$<br>4,644,002      | 93.16%                | \$<br>340,618                          | \$                        | 4,984,620 | 100.00%               |
| 1999                          | 5,034,573                           | 4,856,639            | 96.47%                | 177,331                                |                           | 5,033,970 | 99. <b>99%</b>        |
| 2000                          | 5,490,069                           | 5,135,996            | 93.55%                | 349,922                                |                           | 5,485,918 | 99.92%                |
| 2001                          | 5,569,000                           | 5,253,285            | 94.33%                | 315,601                                |                           | 5,568,886 | 100.00%               |
| 2002                          | 5,973,598                           | 5,684,526            | 95.16%                | 285,234                                |                           | 5,969,760 | 99. <b>94</b> %       |
| 2003                          | 6,048,517                           | 5,729,077            | 94.72%                | 316,074                                |                           | 6,045,151 | 99.94%                |
| 2004                          | 6,331,853                           | 6,084,821            | 96.10%                | 237,609                                |                           | 6,322,430 | 99.85%                |
| 2005                          | 6,446,609                           | 6,164,479            | 95.62%                | 263,043                                |                           | 6,427,522 | 99.70%                |
| 2006                          | 6.829.053                           | 6,557,341            | 96.02%                | 156,403                                |                           | 6,713,744 | 98.31%                |
| 2007                          | 6,930,732                           | 6,645,387            | 95.88%                | •                                      |                           | 6,645,387 | 95.88%                |

#### City of Independence, Missouri Total Utility Sales by Category Last Ten Fiscal Years

|                         |               | _          |            |             | Cala       | ndar Year   |             |             |             |             |
|-------------------------|---------------|------------|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|
| Sales by Category:      | 1998          | 1999       | 2000       | 2001        | 2002       | 2003        | 2004        | 2005        | 2006        | 2007        |
| Power and Light:        |               |            |            |             |            |             |             |             |             |             |
| Residential             | \$ 33,949,000 | 34,915,000 | 34,556,000 | 41,167,000  | 37,562,000 | 40,254,000  | 42,431,000  | 41,375,000  | 50,668,000  | 53,326,000  |
| Commercial              | 25,454,000    | 26,133,000 | 27,053,000 | 32,522,000  | 30,760,000 | 32,429,000  | 34,242,000  | 36,011,000  | 40,881,000  | 43,673,000  |
| Industrial              | 2,371,000     | 2,434,000  | 1,992,000  | 2,490,000   | 2,214,000  | 2,019,000   | 2,139,000   | 2,504,000   | 2,649,000   | 2,891,000   |
| Sold to Other Utilities | 1,382,000     | 1,443,000  | 2,708,000  | 1,406,000   | 131,000    | 609,000     | 689,000     | 779.000     | 1.839.000   | 796,000     |
| Other                   | 671,000       | 685,000    | 715,000    | 827,000     | 824,000    | 881,000     | 941,000     | 1,008,000   | 1,128,000   | 1,214,000   |
| Water:                  |               |            |            |             |            |             |             |             |             |             |
| Residential             | 7,359,247     | 7,197,098  | 7,777,844  | 7,552,382   | 7,543,113  | 8,046,353   | 8,141,479   | 7,789,773   | 8,488,894   | 8,657,593   |
| Commercial              | 1,925,840     | 1,888,654  | 2,014,589  | 2,032,338   | 2,025,449  | 2,185,099   | 2,152,295   | 2.053.011   | 2,245,526   | 2,347,234   |
| Industrial              | 238,872       | 219,180    | 225,018    | 215,619     | 256,478    | 324,228     | 336,707     | 331,251     | 362,537     | 367,863     |
| Public Authority        | 105,014       | 124,333    | 123,779    | 124,919     | 131,219    | 169,383     | 174,092     | 189,489     | 231,257     | 228,957     |
| Sold to Other Utilities | 3,854,736     | 3,801,176  | 4,131,174  | 4,165,235   | 4,378,138  | 4,302,002   | 4,950,287   | 5,670,010   | 5,858,904   | 5,232,779   |
| Other                   | 790,902       | 796,400    | 817,473    | 846,602     | 856,918    | 856,811     | 934,326     | 960,563     | 968,733     | 1,060,453   |
| Sewer,                  |               |            |            |             |            |             |             |             |             |             |
| Residential             | 7,316,053     | 7,724,284  | 7,898,920  | 8,015,061   | 8,037,051  | 8,144,267   | 8,570,232   | 8,834,127   | 9,196,013   | 9,584,113   |
| Commercial              | 3,916,617     | 4,030,709  | 3,998,924  | 4,024,645   | 3,872,212  | 3,941,123   | 3,964,736   | 4,322,804   | 4,364,268   | 4,585,890   |
| Other                   | 781,438       | 871,415    | 756,543    | 844,729     | 728,334    | 643,687     | 707,755     | 797,791     | 774,222     | 854,930     |
| Total                   | \$ 90,115,719 | 92,263,249 | 94,768,264 | 106,333,530 | 99,319,912 | 105,004,953 | 110,373,909 | 112,625,819 | 129,655,354 | 134,819,812 |

Tabio 11

.

#### City of Independence, Missouri Total Utility Rates by Category Last Ton Fiscal Years

.

-

|                            |            |           |       |       | Calenc | tar Year |       |       |       |       |
|----------------------------|------------|-----------|-------|-------|--------|----------|-------|-------|-------|-------|
| Rates by Category:         | 1998       | 1999      | 2000  | 2001  | 2002   | 2003     | 2004  | 2005  | 2006  | 2007  |
| Power and Light (per Kwh): | \$         |           |       |       |        |          |       |       |       |       |
| Residential                | C          | 0.08      | 0.08  | 0.08  | 0.08   | 0.08     | 0.08  | 0.08  | 0.09  | 0.10  |
| Commercial                 | c          | 0.06 0.06 | 0.06  | 0.07  | 0.07   | 0.07     | 0.07  | 0.07  | 0,08  | 0.09  |
| Industrial                 | (          | 0.04 0.04 | 0.04  | 0.05  | 0.05   | 0 05     | 0.05  | 0.05  | 0,06  | 0.06  |
| Sold to Other Utililies    | (          | .10 0.08  | 0.07  | 0.05  | 0.02   | 0.03     | 0.03  | 0.03  | 0.04  | 0.04  |
| Olher                      | (          | 0.07 0.07 | 0.08  | 0.09  | 0.09   | 0.10     | 0.10  | 0.11  | 0.12  | 0.13  |
| Waler (por 1,000 gallons); |            |           |       |       |        |          |       |       |       |       |
| Residential                | 2          | 2.37 2.39 | 2.34  | 2.37  | 2.37   | 2.35     | 2.37  | 2.49  | 2.54  | 2.63  |
| Commercial                 |            | 2.16      | 2.15  | 2.15  | 2.17   | 2.16     | 2.18  | 2.27  | 2.34  | 241   |
| Industrial                 | 1          | .19 1.11  | 1,11  | 1.15  | 1.09   | 1.10     | 1.12  | 1.14  | 1.31  | 1.34  |
| Public Authority           | •          | .99 1.96  | 1.97  | 1.94  | 1.97   | 1 94     | 2.02  | 2.28  | 2.34  | 2.42  |
| Sold to Other Utilities    | c          | 0.94 0.94 | 0.94  | 0.94  | 0.94   | 1.01     | 1.02  | 1.17  | 1,21  | 1.10  |
| Sewer (per 100 cubic feel) |            |           |       |       |        |          |       |       |       |       |
| Residential                |            | .67 2.80  | 2.76  | 2.71  | 2.75   | 2.75     | 2.77  | 2.97  | 3,13  | 3.18  |
| Commercial                 | 2          | .21 2.23  | 2.22  | 2.08  | 2.15   | 2.26     | 2.34  | 2.32  | 2.46  | 2.64  |
| Total                      | s <u>1</u> | 13.93     | 13.82 | 13.69 | 13.74  | 13.89    | 14.17 | 14.98 | 15.72 | 16.13 |

#### City of Independence, Missourl Principal Utility Payers -Power and Light Current Year and Nine Years Ago

|  |           |                | 2007 |                     | <br>               | 1998 |                              |
|--|-----------|----------------|------|---------------------|--------------------|------|------------------------------|
| Utility Customer - Power and Light     | . <u></u> | Total<br>Sales | Rank | Percentage of Total | <br>Total<br>Sales | Rank | Percentage of Total<br>Sales |
| Unilever (Thomas J. Lipton Co)         | \$        | 1,438,959      | 1    | 1.41%               | \$<br>800,926      | 1    | 1.25%                        |
| Simon Properties Group                 |           | 1,016,115      | 2    | 1.00%               | 793,327            | 2    | 1.24%                        |
| Commercial Distributions Center        |           | 960,920        | 3    | 0.94%               | 632,841            | 3    | 0.99%                        |
| Burd and Fletcher (5151 Geospace)      |           | 777,816        | 4    | 0.76%               |                    |      |                              |
| Price Chopper (Notand Road)            |           | 469,382        | 5    | 0.46%               |                    |      |                              |
| Independence Regional Health Center    |           | 463,120        | 6    | 0.45%               | 342,666            | 7    | 0.54%                        |
| Price Chopper (23rd Street)            |           | 440,434        | 7    | 0.43%               | ·                  |      |                              |
| Burd and Flectcher (3000 Geospace)     |           | 404,119        | 8    | 0.40%               |                    |      |                              |
| City's Rock Creek Sanitary Sewer Plant |           | 391,850        | 9    | 0.38%               | 354,995            | 6    | 0.56%                        |
| Costco Wholesales Inc.                 |           | 387,244        | 10   | 0.38%               |                    |      |                              |
| AGCO Material Group                    |           |                |      |                     | 481,678            | 4    | 0.75%                        |
| Burd and Fletcher                      |           |                |      |                     | 413,818            | 5    | 0.65%                        |
| Price Chopper                          |           |                |      |                     | 311.589            | 8    | 0.49%                        |
| Medical Center of Independence         |           |                |      |                     | 253,444            | 9    | 0.40%                        |
| RLDS Audtionum                         |           |                |      |                     | 247,280            | 10   | 0.39%                        |
|  |           |                |      |                     | ,200               |      | 0.05 %                       |

| Totał | \$6,747,959 | <u>6.62%</u> \$ <u>4.632,564</u> | 7.26% |
|-------|-------------|----------------------------------|-------|
|-------|-------------|----------------------------------|-------|

128

.

#### City of Independence, Missouri Principal Utility Payers -Water Current Year and Eight Years Ago

|                               |   |                | 2007 |                              | <br>               | 1999 |                              |
|-------------------------------|---|----------------|------|------------------------------|--------------------|------|------------------------------|
| Utility Customer - Water      |   | Total<br>Sales | Rank | Percentage of Total<br>Sales | <br>Total<br>Sales | Rank | Percentage of Total<br>Sales |
| Lee's Summit                  | 5 | 2.938.404      | 1    | 16.42%                       | \$<br>1,795,794    | 1    | 12.80%                       |
| Blue Springs                  |   | 1,368,662      | 2    | 7.65%                        | 840,568            | 2    | 5.99%                        |
| District #1, Lafayette County |   | 321,207        | 3    | 1,79%                        | 204,792            | 4    | 1.46%                        |
| District #2, Jackson County   |   | 313,931        | 4    | 1.75%                        | 265,737            | 3    | 1.89%                        |
| Oak Grove                     |   | 305,270        | 5    | 1.71%                        | 208,468            | 5    | 1.49%                        |
| Grain Valley                  |   | 219,137        | 6    | 1.22%                        | 135,709            | 6    | 0.97%                        |
| District #15, Jackson County  |   | 167,758        | 7    | 0.94%                        | 106,188            | 7    | 0.76%                        |
| Lafarge Corporation           |   | 153,429        | 8    | 0.86%                        |                    |      |                              |
| Buckner                       |   | 141,431        | 9    | 0.79%                        | 101,508            | 9    | 0.72%                        |
| Lipton Tea                    |   | 130,447        | 10   | 0.73%                        | 104,081            | 8    | 0.74%                        |
| Sugar Creek                   |   |                |      |                              | 65,389             | 10   | 0.47%                        |

Total

\$\_\_\_\_\_6,059,676

33.86% \$\_\_\_\_3.828,234

27.29%

Table 14

.

#### City of Independence, Missouri Principal Utility Payers -Sewer Current Year and Eight Years Ago

|                                     | <br><u>.</u>       | 2007 |                          | •  |                | 1999 | . <u></u>                    |
|-------------------------------------|--------------------|------|--------------------------|----|----------------|------|------------------------------|
| Utility Customer - Sewer            | <br>Total<br>Sales | Rank | Percentage of TotalSales |    | Total<br>Sales | Rank | Percentage of Total<br>Sales |
| Thomas J. Lipton                    | \$<br>469,393      | 1    | 3.12%                    | \$ | 560,640        | 1    | 4.44%                        |
| AMOCO                               | 166,465            | 2    | 1.11%                    |    | 367,338        | 2    | 2.91%                        |
| City of Independence, Power & Light | 165,058            | 3    | 1.10%                    |    | 223,680        | 3    | 1.77%                        |
| Independence Regional Health Center | 44,169             | 4    | 0.29%                    |    | 44,493         | 5    | 0.35%                        |
| Simon Properties Group              | 36,923             | 5    | 0.25%                    |    | 15,009         | 7    | 0.12%                        |
| Commercial Distribution             | 28,110             | 6    | 0.19%                    |    | 21,898         | 6    | 0.17%                        |
| Medical Center of Independence      | 21,676             | 7    | 0.14%                    |    |                |      |                              |
| Price Chopper                       | 17,350             | 8    | 0.12%                    |    |                |      |                              |
| Community of Christ                 | 8,130              | 9    | 0.05%                    |    |                |      |                              |
| Price Chopper                       | 7,712              | 10   | 0.05%                    |    |                |      |                              |
| AGCO                                |                    |      |                          |    | 73,471         | 4    | 0.58%                        |

Totai \$

.

964,988

6.42% \$ 1,306,529

10.35%

Note: Amounts for customers 7 through 10 are not available for 1999.

#### City of Independence, Missouri Ratios of Outstanding Debt by Type Last Ten Fiscal Years

.

|             |     | Governmental Activities |    |                                      |    |   |                   |    |                                  |  |  |  |  |
|-------------|-----|-------------------------|----|--------------------------------------|----|---|-------------------|----|----------------------------------|--|--|--|--|
| Fiscal Year |     | Loans Payable           |    | Neighborhood<br>Improvement District |    | _ | Capital<br>Leases |    | Certificates of<br>Participation |  |  |  |  |
| 1998        | \$  | 4,875,000               | \$ |                                      | \$ |   | 1,829,472         | \$ | 68,801                           |  |  |  |  |
| 1999        |     | 11,980,000              |    | -                                    |    |   | 1,495,200         |    | -                                |  |  |  |  |
| 2000        |     | 27,040,000              |    |                                      |    |   | 1,700,639         |    | -                                |  |  |  |  |
| 2001        |     | 38,550,000              |    | -                                    |    |   | 2,130,126         |    | -                                |  |  |  |  |
| 2002        |     | 50,448,580              |    | •                                    |    |   | 1,622,013         |    | •                                |  |  |  |  |
| 2003        |     | 52,301,676              |    | -                                    |    |   | 1,086,597         |    | -                                |  |  |  |  |
| 2004        |     | 59,317,916              |    | 995,000                              |    |   | 718,955           |    | -                                |  |  |  |  |
| 2005        | (2) | 21,498,153              |    | 1,039,990                            |    |   | 1,015,831         |    | -                                |  |  |  |  |
| 2006        | (2) | 18,590,023              |    | 982,044                              |    |   | 737,370           |    | -                                |  |  |  |  |
| 2007        |     | 23,870,529              |    | 923,099                              |    |   | 712,483           |    | -                                |  |  |  |  |

|             |                  | Business-Ty       | /pe Ac | tivities          | Percentage of                        |    |                             |                        |    |                   |
|-------------|------------------|-------------------|--------|-------------------|--------------------------------------|----|-----------------------------|------------------------|----|-------------------|
| Fiscal Year | Revenue Bonds    | <br>Loans Payable |        | Capital<br>Leases | <br>Certificates of<br>Participation |    | Total Primary<br>Government | Personal<br>Income (1) |    | Per<br>Capita (1) |
| 1998        | \$<br>73,995,000 | \$<br>-           | \$     | -                 | \$<br>161,199                        | \$ | 80,929,472                  | Not Available          | \$ | 698.57            |
| 1999        | 64,387,790       | 2,135,000         |        | -                 | -                                    |    | 79,997,990                  | 5.21%                  |    | 688.72            |
| 2000        | 62,145,731       | 1,640,000         |        | 125,476           | -                                    |    | 92,651,846                  | 4.17%                  |    | 792.80            |
| 2001        | 59,793,673       | 1,120,000         |        | -                 | -                                    |    | 101,593,799                 | 4.58%                  |    | 880.31            |
| 2002        | 57,276,614       | 575,000           |        | -                 | •                                    |    | 109,922,207                 | 4.34%                  |    | 964.68            |
| 2003        | 53,826,179       | -                 |        | -                 | -                                    |    | 107,214,452                 | 4.27%                  |    | 937.64            |
| 2004        | 65,887,893       | -                 |        | -                 | -                                    |    | 126,919,764                 | 5.15%                  |    | 1,106.10          |
| 2005        | 62,969,608       | -                 |        | -                 | -                                    |    | 86,523,582                  | 3.39%                  |    | 751.42            |
| 2006        | 59,361,323       | -                 |        | -                 | -                                    |    | 79,670,760                  | 3.03%                  |    | 687.10            |
| 2007        | 55,548,038       | -                 |        | -                 | -                                    |    | 81,054,149                  | 3.06%                  |    | 696.59            |

Notes: (1) See Table 21 for personal income and population data. The 2007 ratios are calculated using personal income and population data from table 21 which is an estimate.

(2) In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

131

.

# City of Independence, Missouri Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

|             |    | (                         | General | Bonded Debt Outstand                    | Percentage of Est. |  |                   |   |
|-------------|----|---------------------------|---------|---|--------------------|--|-------------------|---|
| Fiscal Year | Ob | General<br>ligation Bonds | Ava     | Less Amounts<br>ailable in Debt Service | <br>Total          | Actual Taxable<br>Value of Property (1 | Per<br>Capita (2) |   |
| 1998        | \$ | -                         | \$      | -                                       | \$<br>-            | 0.00%                                  | \$                | - |
| 1999        |    | -                         |         | •                                       | -                  | 0.00%                                  |                   | - |
| 2000        |    | -                         |         | •                                       | -                  | 0.00%                                  |                   | • |
| 2001        |    | -                         |         | -                                       | -                  | 0.00%                                  |                   | - |
| 2002        |    | -                         |         | -                                       | -                  | 0.00%                                  |                   | • |
| 2003        |    | -                         |         | -                                       | •                  | 0.00%                                  |                   | • |
| 2004        |    | -                         |         | •                                       |                    | 0.00%                                  |                   | - |
| 2005        |    | -                         |         | -                                       | -                  | 0.00%                                  |                   | - |
| 2006        |    | -                         |         | -                                       | •                  | 0.00%                                  |                   | • |
| 2007        |    | -                         |         | -                                       | -                  | 0.00%                                  |                   | - |

 (1) See Table 7 for property value data.
 (2) See Table 21 for population data. Notes:

Note:

The City does not have any General Bonded Debt over the past ten fiscal years. Details regarding the City's outstsanding debt can be found in the notes to the financial statements.

.

#### City of Independence, Missouri Direct and Overlapping Governmental Activities Debt As of June 30, 2007

| Governmental Unit   | <br>Debt<br>Outstanding                                       | Estimated Percentage<br>Applicable   |    | Estimated Share<br>of Overlapping<br>Debt           |
|---|---|--------------------------------------|----|---|
| Debt repaid with property taxes   |   |                                      |    |   |
| Blue Springs Reorganized #4 School District<br>Independence School District<br>Raytown School District<br>Fort Osage Reorganized #1 School District | \$<br>112,875,000<br>101,530,000<br>100,450,000<br>40,251,000 | 20.00%<br>100.00%<br>6.00%<br>12.50% | \$ | 22,575,000<br>101,530,000<br>6,027,000<br>5,031,375 |
|   |   |                                      |    |   |

| Subtotal, overlapping debt        | 135,163,375           |
|-----------------------------------|-----------------------|
| City direct debt                  | 25,506,111            |
| Total direct and overlapping debt | \$ <u>160,669,486</u> |

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the oustanding debt of those overlapping governments that is borne by the residents and businesses of Independence. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Note: Information was requested from the Kansas City School District and Jackson County, but no response was received.

Source: The debt outstanding data and applicable percentages provided by each governmental entity.

# City of Independence, Missouri Legal Debt Margin Information Last Ten Fiscal Years

|   | Fiscal Year |             |             |             |             |             |             |             |   |                 |   |  |  |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---|-----------------|---|--|--|
|   | _           | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        | 2005  | 2006            | 2007  |  |  |
| Debi Limit (1)  | \$          | 178,681,073 | 193,019,621 | 195,585,654 | 208,557,293 | 215,035,648 | 234,498,374 | 239,548,507 | 258,869,181   | 263,980,502     | 280,122,203   |  |  |
| Total net debt applicable to limit                                      | _           | . <u></u>   | <u> </u>    | . <u> </u>  | <u> </u>    | <u> </u>    | i           | <u> </u>    | 948,722   | 896,700         | 840,870   |  |  |
| Legal Dobt Margin   | *           | 178,681,073 | 193,019,621 | 195,585,654 | 208,557,293 | 215,035,648 | 234,498,374 | 239,548,507 | 257,920,459   | 263,083,802     | 279,281,333   |  |  |
| Total net debt applicable to the<br>limit as a percentage of debt limit |             | 0.000%      | 0.000%      | 0.000%      | 0.000%      | 0.000%      | 0.000%      | 0.000%      | 0.366%  | 0.340%          | 0.300%  |  |  |
|   |             |             |             |             |             |             |             |             | Legal Debt Margin C<br>Assessed Value<br>Deht Link (20% of as<br>General obligation:<br>City-Wide<br>Neighborhood Improv<br>Rovenue Bonds<br>Total Bonded Debt<br>Less:<br>Water Utility Bonds<br>Electric Utility Bonds<br>Debt Service Fund Bs<br>Total net debt applica<br>Legal debt margin | ement Districts | Year 2007<br>\$ 1,400,611,015<br>280,122,203<br>\$ 223,089<br>\$ 55,549,038<br>\$ 56,477,137<br>\$ 40,550,000<br>\$ 14,968,038<br>\$ 62,229<br>\$ 278,281,333 |  |  |

,

Notes: (1) - Article 0, Section 26(b) of the Missouri Constitution permits any county or city, by vote of four-sevenths of qualified electors voting theron, to incur an indebiadness to city purposes not to exceed 5 percent of the value of the taxable tangble property therin, as shown by the last assessment.

(1) - Arkida 6, Section 26(c) of the Missouri Constitution permits any county or city, by vota of four-sevenths of qualified electors voting theran, to incur additional indebtedness of city purposes not to acceed 5 percent of the value of the basele longible property therein, as shown by the last assessment.

(1) - Article 6, Section 26(d) & (e) of the Missouri Constitution provides that any city may become indebtad not exceeding in the aggregate an additional 10 percent of the value of the taxable tangible property for the purpose of acquiring inplin-drways, continucting, extending and improving extents and avenues and/or sentiary or storm sewer systems and an additional 10 percent for purchasing or construction of waterworks, electric or other light plants provided the total generatio abligated indebtedness of the city does not exceed 20 percent of the assessed valuation.

. 134

#### City of Independence, Missouri Pledged-Revenue Coverage Last Ten Fiscal Years

| Fiscal           |    |             | Less: Operating  | Net Available    | _  | Debt      | Serv |              |     |          |
|------------------|----|-------------|------------------|------------------|----|-----------|------|--------------|-----|----------|
| Year             |    | Revenues    | <br>Expenses (1) | <br>Revenue      |    | Principal |      | Interest (2) | · _ | Coverage |
| ower & Light (3) | -  |             |                  |                  |    |           |      |              |     |          |
| 1998             | \$ | 67,552,096  | \$<br>44,766,098 | \$<br>22,785,998 | \$ | 1,115,000 | \$   | 2,134,615    | \$  | 7,0      |
| 1999             |    | 69,173,245  | 46,068,740       | 23,104,505       |    | 1,090,000 |      | 2,005,463    |     | 7.4      |
| 2000             |    | 70,349,124  | 50,390,860       | 19,958,264       |    | 1,535,000 |      | 1,384,760    |     | 6,8      |
| 2001             |    | 81,965,004  | 57,618,481       | 24,346,523       |    | 1,595,000 |      | 1,308,835    |     | 8.3      |
| 2002             |    | 73,930,488  | 52,142,313       | 21,788,175       |    | 1,675,000 |      | 1,243,860    |     | 7.       |
| 2003             |    | 77,932,974  | 56,701,449       | 21,231,525       |    | 1,740,000 |      | 1,164,512    |     | 7.       |
| 2004             |    | 82,265,717  | 61,851,943       | 20,413,774       |    | 1,745,000 |      | 983,448      |     | 7.       |
| 2005             |    | 84,020,908  | 64,452,736       | 19,568,172       |    | 1,855,000 |      | 921,038      |     | 7.0      |
| 2006             |    | 100,254,630 | 75,369,477       | 24,885,153       |    | 1,925,000 |      | 855,273      |     | 8.       |
| 2007             |    | 105,313,797 | 80,423,304       | 24,890,493       |    | 1,995,000 |      | 784,223      |     | 8.9      |
| Water (2) (3)    | -  |             |                  |                  |    |           |      |              |     |          |
| 1998             | \$ | 15,814,097  | \$<br>8,162,749  | \$<br>7,651,348  | \$ | 800.000   | \$   | 1,555,705    | \$  | 3.       |
| 1999             |    | 15,400,654  | 9,664,783        | 5,735,871        |    | 900,000   |      | 1,510,313    |     | 2        |
| 2000             |    | 16,656,302  | 9,656,336        | 6,999,966        |    | 850,000   |      | 1,596,133    |     | 2        |
| 2001             |    | 16,267,295  | 10,018,126       | 6,249,169        |    | 900,000   |      | 1,561,920    |     | 2        |
| 2002             |    | 16,068,944  | 10,199,624       | 5,869,320        |    | 985.000   |      | 1.527,809    |     | 2        |
| 2003             |    | 16,348,365  | 10,788,334       | 5,560,031        |    | 1,070,000 |      | 1,489,510    |     | 2        |
| 2004             |    | 16,907,411  | 10,718,853       | 6,188,558        |    | 1,200,000 |      | 1,449,060    |     | 2.       |
| 2005             |    | 17,928,618  | 11,096,626       | 6,831,992        |    | 1,285,000 |      | 2,014,517    |     | 2        |
| 2006             |    | 19,285,620  | 12,300,943       | 6,984,677        |    | 1,905,000 |      | 2,053,730    |     | 1.       |
| 2007             |    | 18,473,889  | 12,850,111       | 5,623,778        |    | 2,040,000 |      | 1,923,627    |     | 1.       |
| Sanitary Sewer   | _  |             |                  |                  |    |           |      |              |     |          |
| 1998             | \$ | 12,397,234  | \$<br>7,699,724  | \$<br>4,697,510  | \$ | -         | \$   | -            | \$  | -        |
| 1999             |    | 13,208,379  | 8,504,860        | 4,703,519        |    | -         |      | -            |     |          |
| 2000             |    | 13,463,695  | 8,477,466        | 4,986,229        |    | -         |      | -            |     |          |
| 2001             |    | 13,852,358  | 8,893,489        | 4,958,869        |    | -         |      | -            |     |          |
| 2002             |    | 13,100,624  | 8,900,009        | 4,200,615        |    | -         |      | -            |     |          |
| 2003             |    | 12,946,774  | 9,453,484        | 3,493,290        |    | -         |      | -            |     |          |
| 2004             |    | 13,549,180  | 9,243,252        | 4,305,928        |    | -         |      | -            |     |          |
| 2005             |    | 14,272,438  | 10,017,560       | 4,254,878        |    | -         |      | -            |     |          |
| 2006             |    | 14,850,445  | 10,400,801       | 4,449,644        |    | -         |      | -            |     |          |
| 2007             |    | 15,519,278  | 10,884,567       | 4,634,711        |    | -         |      | -            |     |          |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Notes: (1) Operating expenses excludes depreciation, interest expense, amortization, non-operating expenses, and payments in lieu of taxes.

(2) Interest for the Water Revenue Bonds excludes \$6,050,000 reduction of debt due to remarketing.

(3) Numbers displayed for Power and Light are in accordance with FERC accounting. Numbers displayed for Water are in accordance with NARUC accounting.

# City of Independence, Missouri Demographic and Economic Statistics Last Ten Calendar Years

| Calendar Year (3) | Population (1) | Personal Income<br>(thousands of dollars) | Per Capita<br>Personal Income (1) | Median<br>Age (1) | School<br>Enroliment (2) | Unemployment<br>Rate (1) |
|-------------------|----------------|---|-----------------------------------|-------------------|--------------------------|--------------------------|
| 1998              | 115,851        | Not Available                             | Not Available                     | 35.00             | 16,746                   | 3.70%                    |
| 1999              | 116,155        | 1,534,175,240                             | 13,208                            | 34.40             | 16,361                   | 2.90%                    |
| 2000              | 116,867        | 2,223,862,143                             | 19,029                            | 37.14             | 16,361                   | 3.10%                    |
| 2001              | 115,407        | 2,217,545,505                             | 19,215                            | 37.37             | 15,302                   | 4.20%                    |
| 2002              | 113,947        | 2,535,092,856                             | 22,248                            | 37.68             | 15,987                   | 5.70%                    |
| 2003              | 114,345        | 2,509,987,095                             | 21,951                            | 38.34             | 16,334                   | 5.20%                    |
| 2004              | 114,745        | 2,465,640,560                             | 21,488                            | 38.55             | 18,215                   | 5.15%                    |
| 2005              | 115,146        | 2,552,786,820                             | 22,170                            | 38.57             | 16,278                   | 6.20%                    |
| 2006              | 115,953        | 2,632,249,053                             | 22,701                            | 38.91             | 14,829                   | 4.98%                    |
| 2007              | 116,359        | 2,651,123,456                             | 22,784                            | 39.22             | 14,113                   | 4.90%                    |

Note: The information for 2007 is an estimate.

.

Note: (3) The information shown is for calendar years.

 (1) Information provided by Mid-America Regional Council and Claritas, Inc.
 (2) Information provided by school districts. Sources:

#### City of Independence, Missouri Principal Employers Current Year and Eight Years Ago

|                                      |           | 2007 |   | _         | 1999    |   |
|--------------------------------------|-----------|------|---|-----------|---------|---|
| Employer                             | Employees | Rank | Percentage of<br>Total City<br>Employment | Employees | Rank    | Percentage of<br>Total City<br>Employment |
|                                      |           |      |   |           | ( turne | California                                |
| Alliant Tech Systems                 | 2,250     | 1    | 3.96%                                     | 1,460     | 1       | 2.26%                                     |
| Independence School District         | 1,800     | 2    | 3.17%                                     |           |         |   |
| City of Independence                 | 1,176     | 3    | 2.07%                                     |           |         |   |
| Independence Regional Health Center  | 1,035     | 4    | 1.82%                                     | 1,400     | 2       | 2.17%                                     |
| Medical Center of Independence       | 565       | 5    | 0.99%                                     | 401       | 5       | 0.62%                                     |
| Government Employee Hospital         | 550       | 6    | 0.97%                                     |           |         |   |
| Rosewood Health Center at the Groves | 400       | 7    | 0.70%                                     | 100       | 9       | 0.15%                                     |
| Burd & Fletcher                      | 350       | 8    | 0.62%                                     |           |         |   |
| Unilever                             | 330       | 9    | 0.58%                                     |           |         |   |
| Jackson County Circuit Court         | 274       | 10   | 0.48%                                     |           |         |   |
| Agco                                 |           |      |   | 800       | 3       | → <b>1.24%</b>                            |
| Southwestern Bell Telephone          |           |      |   | 725       | 4       | 1.12%                                     |
| Thomas J. Lipton                     |           |      |   | 350       | 6       | 0.54%                                     |
| Sprint Relay Center                  |           |      |   | 248       | 7       | 0.38%                                     |
| The Examiner                         |           |      |   | 100       | 8       | 0.15%                                     |
| Barbour Concrete                     |           |      |   | 85        | 10      | 0.13%                                     |
| Total                                | 8,730     |      | 15.37%                                    | 5,669     |         | 8.78%                                     |

Note: The oldest information available is from 8 years ago instead of 9 years ago.

Source: Independence Council for Economic Development and Mid-America Regional Council.

. .

#### City of Independence, Missouri Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

Full-time Equivalent Employees as of June 30 2001 2007 1998 1999 2000 2004 2005 2006 Function/Program veral Government City council office City clerk City manager National Frontiers Traits Museum Technology services Municipal court Law - General fund Law - Grants fund Finance Human resources Ger 11.00 7.00 9.38 6.55 21.00 12.00 6.00 11.00 7.00 11.50 6.00 21.00 13.00 6.00 11.00 7.00 10.50 6.55 21.00 12.00 6.50 11.00 7.00 11.00 6.00 21.00 13.00 6.00 11.00 7.00 10.00 8.00 20.00 13.00 6.00 11.00 7.00 10.00 6.00 20.00 13.00 6.00 11.00 6.50 8.50 6.00 20.00 13.00 5.50 10.00 8.50 7.00 8.00 20.00 13.00 5.50 0.50 24.00 7.50 10.00 6.00 7.50 6.00 20.00 13.00 5.75 0.50 25.00 7.50 10.00 6 00 10.50 6.00 21.00 13.00 6.75 0.50 26.00 7.50 25.00 6.00 -25.00 6.50 25.00 6.50 25,00 7.50 25.00 7.50 25.00 7.50 -24.00 7.60 Public Safety Police - General fund Police - Grants fund Fire - General fund Fire - Grants fund 260.00 289.00 275.00 281.50 12.00 173.25 0.75 281.50 10.00 173.25 0.75 264.00 274.00 275.00 275.00 277.00 15.00 173.00 174.00 174.00 174.00 174.00 174.00 174.00 173.25 87.90 87,90 81.00 82.00 Public Works 87.73 69.90 88.90 87.90 82.00 83.00 Health and Welfare 26.74 28,49 27.24 39.47 General fund Grant fund 28,49 38.13 39.69 33.50 5.50 34.25 6.00 34.25 7.70 Cutture and Recreation General fund Tourism fund Park Improvement Sales Tax fund 41.70 3.40 2.99 41.70 3.40 7.00 41.70 3.41 5.00 43.79 3.41 5.00 42.14 3.41 8.61 36.70 35.53 39.15 3.73 41.1D 3.40 41.70 4.41 11.59 4.41 12.59 4.41 17.12 Community Development General fund Community Dev Block Grant fund HOME Program fund 28.00 4.50 1.00 30.00 4.50 1.00 31.00 4.50 1.00 35.00 3.50 1.00 23.00 3.00 1.00 23.00 3.00 1.00 22.00 3.00 1.00 22.00 3.00 1.00 26.00 3.00 1.00 25.75 2.50 1.00 Storm Water Water Poll Control - General Fund Storm Water Sales Tax fund Storm Water fund 5.00 5.00 5.00 5.00 5.00 9.00 5.00 7.00 5.00 7.00 5.00 8.00 5.00 6.00 5.00 8.00 . : 2 Power and Light Technology Services - General Fund Power and Light 1.00 220.00 1,00 220,00 1.00 220.00 1.00 220.00 1.00 220 00 1.00 220.00 1.00 220,00 1.00 220.00 1.00 220,00 1.00 220.00 Water City Manager - General fund Finance - General fund Water 1.50 1.50 1.50 1.50 1.50 1.50 . 1.00 97.48 -1.00 99.48 0.17 97.48 98,48 98.48 97.48 97,48 97,48 101.48 98,48 1.00 70.00 1,00 70,00 Public Works - General fund Water Polluion Control 1.00 70.00 71.50 69.00 72.50 72.50 73.50 72.00 72.00 10.00 10.00 10.00 10.00 10.00 9.00 9 00 9.00 9.00 Central Garage fund 10.00 1,137.93 1,148.75 1,158.46 1,174.72 1,173.62 1,175.27 1,182.61 1,182.18 1,188,18 1,195.66 Total

Source: City of Independence Budget

138

#### City of Independence, Missouri Operating Indicators by Function/Program Last Ten Fiscal Years

|                                      |         |         |         |         | Fiscai  | Year    |         |         |         |         |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                      | 1998    | 1999    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    |
| Function/Program                     |         |         |         |         |         |         |         |         |         |         |
| General Government                   |         |         |         |         |         |         |         |         |         |         |
| National Frontiers Trails Museum     |         |         |         |         |         |         |         |         |         |         |
| Number of visitors to museum         | 21,420  | 19,625  | 18,015  | 20,105  | 16,199  | 14,963  | 19,763  | 17,183  | 15,986  | 14,621  |
| Public Safety                        |         |         |         |         |         |         |         |         |         |         |
| Police                               |         |         |         |         |         |         |         |         |         |         |
| Police Incident Calls                | 131,193 | 126,185 | 122,325 | 123,234 | 125,219 | 120,668 | 123,329 | 128,891 | 130,242 | 126,301 |
| Traffic Unit Cilations Issued        | 19,324  | 18,730  | 22,048  | 22,062  | 23,227  | 17,796  | 30,840  | 31,323  | 20,257  | 30,984  |
| Fire                                 |         |         |         |         |         |         |         |         |         |         |
| Total Alarms                         | 11,694  | 12,466  | 12,074  | 12,557  | 13,141  | 12.294  | 13,424  | 12,895  | 13,166  | 13,354  |
| Public Education Audience            | 16,764  | 17,643  | 21,344  | 22,293  | 13,828  | 12,619  | 14,747  | 18,363  | 18,818  | 18,502  |
| Public Works                         |         |         |         |         |         |         |         |         |         |         |
| Street Overlay (tane miles)          | 6       | 92      | 110     | 144     | 122     | 110     | 104     | 88      | 66      | 28      |
| Street Patching Jobs                 | 2,168   | 2,003   | 1,951   | 1,133   | 1,524   | 744     | 575     | 542     | 474     | 3,897   |
| Health and Welfare                   |         |         |         |         |         |         |         |         |         |         |
| Food Handlers Trained                | 3,600   | 4,200   | 4,262   | 4,963   | 4,741   | 5,186   | 11,638  | 9,680   | 7,696   | 8,663   |
| Flu Shots Given                      | 722     | . 700   | 774     | 450     | 450     | 539     | 600     | 431     | 680     | 1,118   |
| Animal Control Service Calls         | 9,729   | 8,455   | 8,100   | 8,316   | 9,338   | 9,230   | 7,354   | 6,448   | 7,294   | 8,415   |
| Culture and Recreation               |         |         |         |         |         |         |         |         |         |         |
| Park Shelter Reservations            | 200     | 230     | 275     | 283     | 671     | 675     | 210     | 214     | 462     | 457     |
| Number of Sermon Center Memberships  | 4,793   | 800     | 830     | 900     | 1,275   | 1,032   | 1,056   | 948     | 830     | 1,095   |
| Community Development                |         |         |         |         |         |         |         |         |         |         |
| Pennits Issued                       | 4,024   | 5,500   | 5,292   | 4,822   | 3,984   | 4,693   | 5,809   | 5,281   | 4,792   | 4,048   |
| Tourism                              |         |         |         |         |         |         |         |         |         |         |
| Site Attendance                      | 394,149 | 338,373 | 403,560 | 357,747 | 432,268 | 334,853 | 306,407 | 290,499 | 295,381 | 280,342 |
| Leisure Visitor Inquiries            | 27,193  | 29,271  | 28,540  | 21,448  | 42,608  | 44,659  | 23,172  | 34,512  | 44,943  | 34,116  |
| Power and Light                      |         |         |         |         |         |         |         |         |         |         |
| Average number of monthly customers  | 52,029  | 52,640  | 63,135  | 53,558  | 53,982  | 54,358  | 55,195  | 55,921  | 56,402  | 56,562  |
| Water                                |         |         |         |         |         |         |         |         |         |         |
| Number of customers                  | 44,677  | 45,243  | 45,649  | 45,945  | 46,394  | 46,873  | 47,324  | 47,461  | 47,769  | 48,358  |
| Water main breaks                    | 191     | 146     | 215     | 294     | 180     | 292     | 239     | 162     | 241     | 271     |
| Sewer                                |         |         |         |         |         |         |         |         |         |         |
| Number of customers                  | 40,311  | 40,637  | 42,194  | 42,487  | 42,856  | 42,394  | 43,434  | 43,909  | 44,290  | 44,351  |
| Wastewater Treated (Million Gallons) | 3,492   | 4,944   | 3,241   | 4,218   | 3,830   | 2,939   | 3,032   | 3,207   | 2,935   | 2,348   |
|                                      |         |         |         |         |         |         |         |         |         |         |

139

Table 24

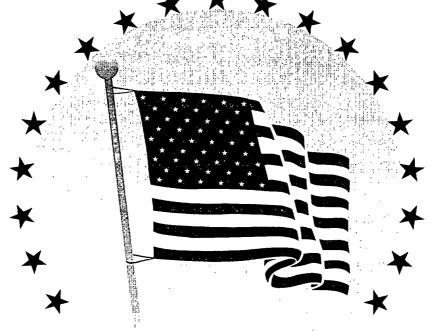
• •

#### City of independence, Missouri Capital Asset Statistics by Function/Program Last Ten Fisca) Years

|   |               |               |       |       | Fiscal | Year  |       |       |       |       |
|---|---------------|---------------|-------|-------|--------|-------|-------|-------|-------|-------|
|   | 1998          | 1999          | 2000  | 2001  | 2002   | 2003  | 2004  | 2005  | 2008  | 2007  |
| Function/Program                            |               |               |       |       |        |       |       |       |       |       |
| Public Safety<br>Police                     |               |               |       |       |        |       |       |       |       |       |
| Police stations                             | 1             | 2             | 2     | 2     | 3      | 3     | 3     | 3     | 3     | 4     |
| Vehicles                                    | 135           | 137           | 108   | 109   | 151    | 124   | 162   | 90    | 177   | 203   |
| K - 9 Facility                              | -             | -             | -     | •     | -      | •     | -     | 1     | 1     | 1     |
| Fire  |               |               |       |       |        |       |       |       |       |       |
| Fire Stations                               | 10            | 10            | 10    | 10    | 10     | 10    | 10    | 10    | 10    | 10    |
| Vehicles                                    | 44            | 42            | 44    | 42    | 40     | 40    | 42    | 41    | 44    | 45    |
| Public Works                                |               |               |       |       |        |       |       |       |       |       |
| Total area (square miles)                   | 78            | 78            | 78    | 78    | 78     | 78    | 78    | 78    | 78    | 78    |
| Paved miles                                 | 580           | 600           | 580   | 580   | 632    | 535   | 535   | 535   | 580   | 550   |
| Culture and Recreation                      |               |               |       |       |        |       |       |       |       |       |
| Park acreage                                | 885           | 724           | 724   | 724   | 721    | 721   | 724   | 724   | 757   | 826   |
| Parks                                       | 41            | 41            | 41    | 41    | 40     | 40    | 40    | 42    | 43    | 44    |
| Community Centers                           | 2             | 2             | 1     | 1     | 1      | 2     | 3     | 3     | 3     | 3     |
| Filness Centers                             | 3             | 1             | 1     | 1     | 1      | 1     | 2     | 2     | 2     | 2     |
| Ball Fields                                 | 34            | 32            | 53    | 54    | 53     | 53    | 53    | 53    | 53    | 53    |
| Power and Light                             |               |               |       |       |        |       |       |       |       |       |
| Power stations                              | 5             | 5             | 5     | 5     | 5      | 5     | 5     | 6     | 5     | 5     |
| Transmission/Distribution Circuits (miles)  | Not Available | Not Available | 650   | 776   | 789    | 794   | 802   | 809   | 817   | 829   |
| Maximum daily use (Mwh)                     | 4,769         | 6,258         | 5,506 | 5,432 | 5,395  | 5,401 | 5,838 | 5,320 | 5,464 | 5,865 |
| Water                                       |               |               |       |       |        |       |       |       |       |       |
| Water mains (miles)                         | 663           | 676           | 683   | 688   | 694    | 697   | 711   | 711   | 729   | 736   |
| Fire hydrants                               | 3,623         | 3,753         | 3,840 | 3,908 | 3,996  | 4,061 | 4,186 | 4,186 | 4,401 | 4,520 |
| Maximum daily pumpage (millions of gallons) | 25            | 35            | 37    | 39    | . 39   | 42    | 42    | 41    | 44    | 44    |
| Sewer                                       |               |               |       |       |        |       |       |       |       |       |
| Number of treatment plants                  | 1             | 1             | 1     | 1     | 1      | 1     | 1     | 1     | 1     | _1    |
| Sowers mains (miles)                        | 510           | 510           | 515   | 515   | 565    | 565   | 582   | 576   | 578   | 590   |
| Maximum daily capacity of treatment (MGD)   | 19            | 18            | 16    | 18    | 18     | 18    | 18    | 19    | 19    | 18    |

# UNAUDITED FINANCIAL AND OPERATING REPORT FOR PERIOD ENDED JANUARY 1, 2008

# CITY OF INDEPENDENCE, MISSOURI FINANCIAL AND OPERATING REPORT



# FOR PERIOD ENDED

January 31, 2008

PREPARED BY: FINANCE DEPARTMENT

ndependence.

OF INDEXE

111 EAST MAPLE • P.O. BOX 1019 • INDEPENDENCE, MISSOURI 64051-0519

www.ci.independence.mo.us • (816) 325-7000

February 12, 2008

Honorable Mayor Members of the City Council City Manager & Department Directors

#### **Re: January 2008 Financial Report**

The Financial Report of the City of Independence for the period ended January 31<sup>st</sup> is submitted herewith. This report reflects 58.3% of the 2007-08 fiscal year operations for the funds represented.

The current budget for General Fund estimated revenues have increased \$2,658 from the original estimate. Projected revenues for the year are expected to be \$89,647 less than the revised estimate, most of which was developed last spring. Note this projection is based on seven months of operating results. Totals by revenue category can be found in the table below. Additional information can be found following this transmittal letter. Due to the slow recovery in the general economy and specifically retail

sales we are paying very close attention to sales tax revenue. Current projections for sales tax are \$36,079 less than the original estimate. As the year progresses we will also be monitoring revenue from the sale of natural gas. There is a negative variance from City owned utilities of \$112,510. Of this amount \$74,443 is from

| <b>General Fund Revenues</b> |                          |                          |              |                              |        |  |  |  |
|------------------------------|--------------------------|--------------------------|--------------|------------------------------|--------|--|--|--|
|                              | Original Est.<br>Revenue | Adjusted Est.<br>Revenue | Projected    | Variance of<br>Proj. to Adj. | %      |  |  |  |
| Taxes                        | \$47,215,164             | \$47,215,164             | \$47,925,438 | \$710,274                    | 1.5%   |  |  |  |
| Licenses & Permits           | 4,582,966                | 4,582,966                | 4,139,972    | (442,994)                    | -10.7% |  |  |  |
| Grants                       | 5,712,021                | 5,712,021                | 5,476,864    | (235,157)                    | -4.3%  |  |  |  |
| Charges for Services         | 1,561,951                | 1,564,609                | 1,685,577    | 120,968                      | 7.2%   |  |  |  |
| Interfund Services           | 3,139,780                | 3,139,780                | 3,184,954    | 45,174                       | 1.4%   |  |  |  |
| Fines & Forfietures          | 4,323,410                | 4,323,410                | 4,032,561    | (290,849)                    | -7.2%  |  |  |  |
| Interest                     | 377,000                  | 377,000                  | 312,353      | (64,647)                     | -20.7% |  |  |  |
| Other Revenue                | 416,300                  | 416,300                  | 483,884      | 67,584                       | 14.0%  |  |  |  |
| Debt Proceeds                |                          |                          |              | 0                            |        |  |  |  |
| Total                        | \$67,328,592             | \$67,331,250             | \$67,241,603 | (\$89,647)                   | -0.1%  |  |  |  |

electric sales. Detail for these utilities can be found at the end of this letter. Due to the issues related to HB 209 revenues for the telephone franchise fee are uncertain. Letters have been sent to all service providers explaining the City's fee following the Supreme Court decision to overturn HB 209. Sprint, T-Mobile, and Verizon have paid \$1,271,979 in fees under protest. These fees become a reservation of fund balance.

1

The fiscal year to date expenditures for the General Fund is \$39,730,421 and encumbrances are \$2,049,935. The total is \$41,780,356. This represents 61.2% of the adjusted budget. This is more than the current month's proportion of 58.3%. This includes a number of blanket encumbrances written at

the beginning of the year and executive encumbrances for an approximate 2% reduction of budgets requested by the City Manager. The variance column adjusts for the executive encumbrances and reflects cost overruns projected in Police and Fire. Salary and

| General Fund Expenditures & Encumbrances |                   |                    |                   |       |              |                              |  |  |
|--|-------------------|--------------------|-------------------|-------|--------------|------------------------------|--|--|
|  | Adopted<br>Budget | Adjusted<br>Budget | Actual To<br>Date | %     | Projected    | Variance of<br>Proj. to Adj. |  |  |
| General Government                       | \$7,712,779       | \$7,853,087        | \$4,489,094       | 57.2% | \$7,781,716  | \$71,371                     |  |  |
| Public Safety                            | 37,418,291        | 38,067,301         | 24,197,608        | 63.6% | 38,707,386   | (640,085)                    |  |  |
| Public Works                             | 7,440,408         | 7,511,774          | 5,038,540         | 67.1% | 7,398,774    | 113,000                      |  |  |
| Health                                   | 2,454,091         | 2,471,852          | 1,446,867         | 58.5% | 2,446,692    | 25,160                       |  |  |
| Parks & Recreation                       | 2,045,189         | 2,071,836          | 1,344,551         | 64.9% | 2,058,416    | 13,420                       |  |  |
| Council Goals                            | 300,000           | 626,138            | • 140,240         | 22.4% | 626,138      | 0                            |  |  |
| TIF Distribution                         | 200,000           | 910,447            | 40,876            | 4.5%  | 910,447      | 0                            |  |  |
| Other                                    | 9,644,227         | 8,741,793          | 5,082,580         | 58.1% | 8,640,497    | 101,296                      |  |  |
| TOTAL                                    | \$67,214,985      | \$68,254,228       | \$41,780,356      | 61.2% | \$68,570,066 | (\$315,838)                  |  |  |

benefit projections show that 57.7% of the budget for this category has been expended.

#### **Projected Financial Position - June 30:**

The chart on the right is a projection of the fund balance account for the General Fund for this fiscal year. Total Fund Balance is decreasing by \$2,513,694 as a result of the expected use of \$778,935 of reserved and designated funds and the \$1,734,859 decrease of unreserved funds.

#### **Projected Unreserved Fund Balance - June 30**

Of the \$6,734,699 of beginning fund balance reported above, the unreserved portion is \$2,129,791. The balance represents reserved and designated fund balance components. The unreserved portion is expected to decrease by \$1,734,859 to a projected unreserved fund balance of \$394,932 at the end of this fiscal year. While several factors are impacting this decrease one specific one is the receipt of \$1,271,979 of protested telephone business license revenues. As

| Fund Balance Activity                |             |  |  |  |
|--------------------------------------|-------------|--|--|--|
| <b>Beginning Fund Balance</b>        | \$6,734,699 |  |  |  |
| Current Fiscal Year                  |             |  |  |  |
| Revenues                             | 67,241,603  |  |  |  |
| Expenditures                         | 68,570,066  |  |  |  |
| Rev. over/(under) Expenditures       | (1,328,463) |  |  |  |
| Prior Year Encumbrances              | 942,874     |  |  |  |
| Transfers In                         |             |  |  |  |
| Transfers Out                        | 242,357     |  |  |  |
| <b>Projected Ending Fund Balance</b> | \$4,221,005 |  |  |  |

| Unreserved Fund Balance A                    | ctivity      |
|--|--------------|
| Beginning Unreserved Fund Balance            | \$ 2,129,791 |
| Revenue Variance                             | (89,647)     |
| Expenditure Variance                         | (315,838)    |
| Budget Variance                              | (1,022,978)  |
| Transfers Authorized by the Budget<br>Other: | (142,357)    |
| Increases                                    | 1,173,533    |
| Decreases                                    | 1,337,572    |
| Projected Ending Unreserved Fund Balance     | \$394,932    |

noted earlier the revenues are the result of seven months of operations. The City Manager is continuing this year to evaluate vacancies to measure salary savings during the fiscal year. Departments are also being asked to consider reductions in non-personal service accounts. Detail information regarding unreserved fund balance can be found following this transmittal letter.

#### **<u>City Council Goals Account</u>**

The following is an analysis of the City Council Goals Account. The chart shows the amounts allocated to the various projects.

| City Council Goals Acc                          | City Council Goals Account Summary |  |                  |  |  |  |  |
|---|------------------------------------|--|------------------|--|--|--|--|
| Description                                     | Allocation<br>Amount               | Expended or<br>Encumbered                    | Balance          |  |  |  |  |
| Carry-over Balance from Prior Year              | \$426,138                          |  |                  |  |  |  |  |
| Current Year Authorization                      | 300,000                            |  |                  |  |  |  |  |
|   | \$726,138                          |  |                  |  |  |  |  |
| <u>Carry-Over Allocations from Prior Years:</u> |                                    |  |                  |  |  |  |  |
| Police Academy Scholarship Program              | 418                                |  | 418              |  |  |  |  |
| Neighborhood Park Matching Grants               | 23,200                             |  | 23,200           |  |  |  |  |
| Mowing & Refuse Cleanup on Private Property     | 49,483                             | 49,483                                       |                  |  |  |  |  |
| Neighborhood Block Celebrations                 | 11,464                             | 846  | 10,618           |  |  |  |  |
| Recyling Center                                 | 674                                |  | 674              |  |  |  |  |
| Walnut Street NID                               | 100,000                            | 100,000                                      |                  |  |  |  |  |
| Demo. of Dangerous Bld. & Property Clean-up     | 11,812                             | 6,000  | 5,812            |  |  |  |  |
| Northwest '353' Impact Analysis                 | 10,000                             |  | 10,000           |  |  |  |  |
| Electronic Agendas                              | 2,300                              |  | 2,300            |  |  |  |  |
| Sidewalk Repairs Revolving Fund                 | 40,000                             |  | 40,000           |  |  |  |  |
| Animal Control Overtime                         | 18,190                             | 5,054  | 13,136           |  |  |  |  |
| Current Year Allocations:                       |                                    |  |                  |  |  |  |  |
| Demo. of Dangerous Bld. & Property Clean-up     | 79,500                             |  | 79,500           |  |  |  |  |
| Mowing & Refuse Cleanup on Private Property     | 70,000                             | 20,517                                       | 49,483           |  |  |  |  |
| Neighborhood Block Celebrations                 | 10,000                             |  | 10,000           |  |  |  |  |
| Police K-9 Officer Replacement                  | 10,000                             |  | 10,000           |  |  |  |  |
| Youth Recreation Program Scholarships           | 50,000                             | 50,000                                       |                  |  |  |  |  |
| Vaile Mansion Window Replacement                | 50,000                             | 5,140  | 44,860           |  |  |  |  |
| Fire Station #9 Staffing                        | 75,000                             |  | 75,000           |  |  |  |  |
| -<br>Total                                      | \$612,041                          | \$237,040                                    | \$375,001        |  |  |  |  |
| Unallocated Balance                             | \$114,097                          | <i>\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i> | <i>\$515,001</i> |  |  |  |  |

#### **License Surcharge Fund**

Revenues this fiscal year from the license surcharge on building construction which went into effect on January 1, 2001 is \$357,878 and interest is \$75,999 and unreserved fund balance is \$3,141,989.

#### Street Improvements Sales Tax Fund

The Street Improvement Sales Tax Fund has been set-up to account for the three-eight's cent transportation sales tax identified for streets and bridges. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June 30<sup>th</sup> is (\$830,000).

#### **Park Improvements Sales Tax Fund**

The Park Improvements Sales Tax Fund has been set-up to account for the one-quarter cent sales tax identified for parks and recreation. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June  $30^{\text{th}}$  is (\$2,619,683).

|                                   |                   |            | · · · ·     |           |  |  |  |  |
|-----------------------------------|-------------------|------------|-------------|-----------|--|--|--|--|
| Street Improvement Sales Tax Fund |                   |            |             |           |  |  |  |  |
| Actual As Of Current Fiscal Year  |                   |            |             |           |  |  |  |  |
| Revenues:                         | Prior Fiscal Year | Budget     | Projected   | Variance  |  |  |  |  |
| Sales Tax                         | \$5,839,963       | 6,394,426  | 6,380,896   | (13,530)  |  |  |  |  |
| Interest                          | 181,951           | 229,000    | 74,000      | (155,000) |  |  |  |  |
| Other                             |                   |            |             | (,        |  |  |  |  |
| Total Revenues                    | \$6,021,914       | 6,623,426  | 6,454,896   | (168,530) |  |  |  |  |
| Expenditures:                     |                   |            |             |           |  |  |  |  |
| Operating                         | 0                 | 1,479,225  | 1,479,225   | 0         |  |  |  |  |
| Capital                           | 113,730           | 1,387,000  | 1,387,000   | 0         |  |  |  |  |
| Carry-over Appropriations         | 9,714,762         | 7,516,194  | 7,516,194   | 0         |  |  |  |  |
| Total Expenditures                | 9,828,492         | 10,382,419 | 10,382,419  | 0         |  |  |  |  |
| Excess of Revenues Over           |                   |            |             |           |  |  |  |  |
| (Under) Expenditures              | (3,806,578)       |            | (3,927,523) |           |  |  |  |  |
| Other Fin. Sources (Uses)         |                   |            |             |           |  |  |  |  |
| Debt Proceeds                     | 2,803,185         |            | ,           |           |  |  |  |  |
| Transfers In                      |                   |            |             |           |  |  |  |  |
| Transfers Out                     | 10,511            | 10,582     | 10,582      |           |  |  |  |  |
| <b>Total Other Financing</b>      | 2,792,674         |            | (10,582)    |           |  |  |  |  |
| Fund Balanaa                      |                   |            |             |           |  |  |  |  |
| Fund Balance:<br>Encumbrances     | 3,195,351         |            |             |           |  |  |  |  |
| Other Reserves                    | 5,233             |            |             |           |  |  |  |  |
| Unreserved                        | (92,479)          |            | (830,000)   |           |  |  |  |  |
| Total                             | 3,108,105         |            | (830,000)   |           |  |  |  |  |
|                                   |                   | 1          |             |           |  |  |  |  |
|                                   |                   |            |             |           |  |  |  |  |

|                           | Actual As Of      | Current Fiscal Year |             |          |  |  |
|---------------------------|-------------------|---------------------|-------------|----------|--|--|
| Revenues:                 | Prior Fiscal Year | Budget              | Projected   | Varjance |  |  |
| Sales Tax                 | \$3,892,971       | 4,262,950           | 4,253,930   | (9,020)  |  |  |
| Interest                  | 67,957            | 52,000              | 14,700      | (37,300) |  |  |
| Charges for Services      | 514,750           | 663,356             | 663,356     | 0        |  |  |
| Other                     | 100,552           |                     |             | 0        |  |  |
| Total Revenues            | \$4,576,230       | 4,978,306           | 4,931,986   | (46,320) |  |  |
| Expenditures:             |                   |                     |             |          |  |  |
| Operating                 | 3,464,983         | 4,107,757           | 4,107,757   | 0        |  |  |
| Capital                   | 3,803,652         | 1,850,000           | 1,850,000   | 0        |  |  |
| Carry-over Appropriations | 3,144,763         | 1,504,484           | 1,504,484   | 0        |  |  |
| Total Expenditures        | 10,413,398        | 7,462,241           | 7,462,241   | 0        |  |  |
| Excess of Revenues Over   |                   |                     |             |          |  |  |
| (Under) Expenditures      | (5,837,168)       |                     | (2,530,255) |          |  |  |
| Other Fin. Sources (Uses) |                   |                     |             |          |  |  |
| Debt Proceeds             | 5,588,225         |                     |             |          |  |  |
| Transfers In              |                   |                     |             |          |  |  |
| Transfers Out             | 7,008             | 5,031               | 5,031       |          |  |  |
| Total Other Financing     | 5,581,217         |                     | (5,031)     |          |  |  |
| Fund Balance:             |                   |                     |             |          |  |  |
| Encumbrances              | 1,294,561         |                     |             |          |  |  |
| Other Reserves            | 63,514            |                     |             |          |  |  |
| Unreserved                | (1,442,472)       |                     | (2,619,683) |          |  |  |
| Total                     | (84,397)          |                     | (2,619,683) |          |  |  |

#### **Fire Sales Tax Fund**

The Fire Sales Tax Fund has been set-up to account for the portion one-quarter cent sales tax identified for the fire service. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June 30<sup>th</sup> is (\$74,985).

#### Police (Capital) Sales Tax Fund

The Police (Capital) Sales Tax Fund has been set-up to account for the one-eighth cent capital improvements sales tax identified for police equipment. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June 30<sup>th</sup> is \$960,583.

| <u>Fire Sales Tax Fund</u> |  |   |  |  |  |  |  |  |
|----------------------------|--|---|--|--|--|--|--|--|
| Actual As Of               | Cur  | rent Fiscal Y   | - ar   |  |  |  |  |  |
| Prior Fiscal Year          | Budget   |   | Variance   |  |  |  |  |  |
|                            |  |   |  |  |  |  |  |  |
| \$3,891,487                | 4,262,950  | 4,253,930   | (9,020)  |  |  |  |  |  |
| 190,384                    | 250,000  | 210,000   | (40,000)   |  |  |  |  |  |
|                            |  |   |  |  |  |  |  |  |
| \$4,081,943                | 4,512,950  | 4,463,930   | (49,020)   |  |  |  |  |  |
|                            |  |   |  |  |  |  |  |  |
| 1,540,274                  | 1,914,625  | 1,914,625   | 0  |  |  |  |  |  |
|                            | 2,500,000  | 2,500,000   | 0  |  |  |  |  |  |
| 999,341                    | 5,452,926  | 5,452,926   | 0  |  |  |  |  |  |
| 2,539,615                  | 9,867,551  | 9,867,551   | 0  |  |  |  |  |  |
|                            |  | _   | _  |  |  |  |  |  |
| 1,542,328                  |  | (5,403,621)   |  |  |  |  |  |  |
|                            |  |   |  |  |  |  |  |  |
|                            |  |   |  |  |  |  |  |  |
|                            |  |   |  |  |  |  |  |  |
| 143,010                    | 5,031  | 5,031   |  |  |  |  |  |  |
| (143,010)                  |  | (5,031)   |  |  |  |  |  |  |
|                            | -  |   |  |  |  |  |  |  |
|                            |  |   |  |  |  |  |  |  |
|                            |  |   |  |  |  |  |  |  |
|                            |  |   |  |  |  |  |  |  |
|                            |  | (74,985)  |  |  |  |  |  |  |
| 5,333,667                  | ,  | (74,985)  |  |  |  |  |  |  |
|                            | Actual As Of<br>Prior Fiscal Year<br>\$3,891,487<br>190,384<br>72<br>\$4,081,943<br>1,540,274<br>999,341<br>2,539,615<br>1,542,328 | Actual As Of<br>Prior Fiscal Year         Cur<br>Budget           \$3,891,487         4,262,950           190,384         250,000           72         4,512,950           \$4,081,943         4,512,950           1,540,274         1,914,625           2,500,000         999,341           5,452,926         9,867,551           1,542,328         9,867,551           1,542,328         5,031           (143,010)         5,031           2,765,393         58           2,568,216         9,867,251 | Actual As Of<br>Prior Fiscal Year         Current Fiscal Year           \$3,891,487         4,262,950         4,253,930           190,384         250,000         210,000           72         4,512,950         4,463,930           \$4,081,943         4,512,950         4,463,930           1,540,274         1,914,625         1,914,625           2,539,615         9,867,551         9,867,551           1,542,328         (5,403,621)           143,010         5,031         5,031           2,765,393         58         (74,985) |  |  |  |  |  |

| ronce (Capital) Sales Tax Fund             |                   |           |                |          |  |  |  |  |
|--|-------------------|-----------|----------------|----------|--|--|--|--|
|  | Actual As Of      | Cur       | rent Fiscal Ye | ear      |  |  |  |  |
| Revenues:                                  | Prior Fiscal Year | Budget    | Projected      | Variance |  |  |  |  |
| Sales Tax                                  | \$2,066,938       | 2,131,475 | 2,126,965      | (4,510)  |  |  |  |  |
| Interest                                   | 141,200           | 154.000   | 132,000        | (22,000) |  |  |  |  |
| Other                                      | 3,436             |           |                | 0        |  |  |  |  |
| Total Revenues                             | \$2,211,574       | 2,285,475 | 2,258,965      | (26,510) |  |  |  |  |
| Expenditures:<br>Operating                 |                   |           |                | 0        |  |  |  |  |
| Capital                                    | 1,529,845         | 3,645,068 | 3.645.068      | 0        |  |  |  |  |
| Carry-over Appropriations                  | - , ,             | 403,214   | 403,214        | 0        |  |  |  |  |
| Total Expenditures                         | 2,937,686         | 4,048,282 | 4,048,282      | 0        |  |  |  |  |
| Excess of Revenues Over                    |                   |           |                |          |  |  |  |  |
| (Under) Expenditures                       | (726,112)         |           | (1,789,317)    |          |  |  |  |  |
| Other Fin. Sources (Uses)<br>Debt Proceeds |                   |           |                |          |  |  |  |  |
| Transfers In                               |                   |           |                |          |  |  |  |  |
| Transfers Out                              | 126,023           | 2,515     | 2,515          |          |  |  |  |  |
| Total Other Financing                      | (126,023)         |           | (2,515)        |          |  |  |  |  |
| Fund Balance:                              |                   |           |                |          |  |  |  |  |
| Encumbrances                               | 403,214           |           |                |          |  |  |  |  |
| Other Reserves                             | 54                |           | 0              |          |  |  |  |  |
| Unreserved                                 | 2,349,147         |           | 960,583        |          |  |  |  |  |
| Total                                      | 2,752,415         |           | 960,583        |          |  |  |  |  |
|  |                   | -         |                |          |  |  |  |  |

#### Police (Capital) Sales Tax Fund

#### **Storm Water Sales Tax Fund**

The Storm Water Sales Tax Fund has been set-up to account for the one-quarter cent sales tax identified for storm water system improvements. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for June 30<sup>th</sup> is \$3,163,602.

| Storm Water Sales Tax Fund |                                   |             |             |            |  |  |  |  |
|----------------------------|-----------------------------------|-------------|-------------|------------|--|--|--|--|
| Revenues:                  | Actual As Of<br>Prior Fiscal Year | Budget      | Projected   | Variance   |  |  |  |  |
| Sales Tax                  | \$3,895,405                       | \$4,262,950 | \$4,253,930 | (9,020)    |  |  |  |  |
| Intra-governmental         | \$324,684                         |             |             |            |  |  |  |  |
| Interest                   | 431,463                           | 599,000     | 510,000     | (89,000)   |  |  |  |  |
| Other                      | 108,782                           |             |             | 0          |  |  |  |  |
| Total Revenues             | \$4,760,334                       | \$4,861,950 | \$4,763,930 | (\$98,020) |  |  |  |  |
| Expenditures:              |                                   |             |             |            |  |  |  |  |
| Operating                  | 1,225,699                         | 1,756,857   | 1,756,857   | -          |  |  |  |  |
| Capital                    |                                   | 5,841,000   | 5,841,000   | -          |  |  |  |  |
| Carry-over Appropriations  | 1,670,944                         | 5,008,205   | 5,008,205   |            |  |  |  |  |
| Total Expenditures         | 2,896,643                         | 12,606,062  | 12,606,062  | -          |  |  |  |  |
| Excess of Revenues Over    |                                   |             |             |            |  |  |  |  |
| (Under) Expenditures       | 1,863,691                         |             | (7,842,132) |            |  |  |  |  |
| Other Financing Sources (U | ses)                              |             |             |            |  |  |  |  |
| Transfers In               |                                   |             |             |            |  |  |  |  |
| Transfers Out              | 7,008                             | 5,031       | 5,031       |            |  |  |  |  |
| Debt Proceeds              |                                   |             |             |            |  |  |  |  |
| Total Other Financing      | (7,008)                           |             | (5,031)     |            |  |  |  |  |
| Fund Balance               |                                   |             |             |            |  |  |  |  |
| Encumbrances               | 1,003,635                         |             |             |            |  |  |  |  |
| Designated Fund Balance    |                                   |             |             |            |  |  |  |  |
| Unreserved                 | 10,007,130                        |             | 3,163,602   |            |  |  |  |  |
| Total                      | 11,010,765                        |             | 3,163,602   |            |  |  |  |  |

## **Central Garage**

The Garage Fund realized a net loss of \$12,532 for this month of the fiscal year and a net loss of \$30,241 for the year to date. The Director of Public Works must review this closely during the next months to insure the net income of the Central Garage Fund does not vary greatly from the expectations provided in the Operating Budget for this fiscal year. Also, the Director should look at any fluctuations in income from month to month. The chart on the right reflects the activity of the Central Garage after seven months of operation.

| Central Garage Operating Statement |                   |                    |  |  |  |
|------------------------------------|-------------------|--------------------|--|--|--|
|                                    | Current<br>Month  | Year to Date       |  |  |  |
| <u>Revenue:</u>                    |                   |                    |  |  |  |
| Repairs & Other Income             | <u>192,342</u>    | <u>\$1,266,092</u> |  |  |  |
| Operating Expenses:                |                   |                    |  |  |  |
| Personal Services                  | 69,339            | 395,978            |  |  |  |
| Other Services                     | 22,809            | 241,344            |  |  |  |
| Supplies                           | 115,956           | 684,885            |  |  |  |
| Capital Outlay                     |                   |                    |  |  |  |
| Depreciation Expense               | <u>46</u>         | <u>321</u>         |  |  |  |
| Total Expenses                     | <u>208,150</u>    | <u>1,322,528</u>   |  |  |  |
| Net Income from Operations         | (15,808)          | (56,436)           |  |  |  |
| Other Income/Expense:              |                   |                    |  |  |  |
| Interest Income/Expense            | 333               | 2,033              |  |  |  |
| Misc. Income                       | 2,943             | <u>24,162</u>      |  |  |  |
| Net Income/(Loss)                  | <u>(\$12,532)</u> | <u>(\$30,241)</u>  |  |  |  |
| Fund Equity, Beginning             |                   | 196,548            |  |  |  |
| Fund Equity, Ending                |                   | <u>\$166,307</u>   |  |  |  |

#### **Street Improvement (Capital Project Fund)**

The following financial analysis shows the funds available for new projects in the Street Improvements Capital Project Fund. In this analysis the amount shown as 'Due from Federal Government' represents receivables from the Missouri Department of Transportation for work performed on 39<sup>th</sup> Street, 35<sup>th</sup> Street & Noland Rd. Intersection, Noland Road Bridge and Hidden Valley Road. The amount for 'Due from Other Local Government' represents receivables from the County Urban Road System (CURS) and TIF Funds. Of the \$2,141,309 that is due from the County the City has submitted requests of \$1,477,993. Of the \$438,058 that is 'Due From Federal Government', \$14,923 has been requested; approximately \$161,861 is retained from payments to contractors, thus leaving \$261,274 ready for

| Street Improvements Fund        |             |  |  |  |
|---------------------------------|-------------|--|--|--|
| Assets                          |             |  |  |  |
| Cash                            |             |  |  |  |
| Special Assessment Receivable   | 5,281       |  |  |  |
| Due From Federal Government     | 438,058     |  |  |  |
| Due From Other Local Government | 1,217       |  |  |  |
| Due From Other                  | 2,141,309   |  |  |  |
| Contributions Receivable        | 300         |  |  |  |
| Total                           | 2,586,165   |  |  |  |
| Liabilities & Credits           |             |  |  |  |
| Accounts Payable                | 182,543     |  |  |  |
| Deferred Revenue                | 559,988     |  |  |  |
| Due To Other Funds              | 2,180,453   |  |  |  |
| Funds In Escrow                 |             |  |  |  |
| Total                           | 2,922,985   |  |  |  |
| Fund Balance                    | (\$336,819) |  |  |  |

submission. The Special Assessment is money that will be received over the next five years and is not available to be spent at this time.

#### Stay Well Health Care Plan

The Stay Well Health Care Plan is the City's self-funded health care plan for employees and retirees. The plan year for this benefit is January 2008 through December 2008. However, the current reinsurance policy is for the eighteenmonth period from July 2007 through December 2008.

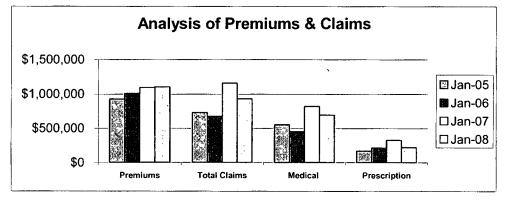
For the month ending January 31, 2008, the Plan's receipts were \$128,980 more than the Plan's disbursements. This resulted in the Plan's cash balance

|                                    | Jan                        | Stay Well 1<br>10 10 10 10 10 10 10 10 10 10 10 10 10 1 |                   |             | Year To Date |        |  |
|------------------------------------|----------------------------|---|-------------------|-------------|--------------|--------|--|
| -                                  | Last Year This Year Change |   | Change            | Last Year   | This Year    | Change |  |
| Claims Paid                        | 3,495                      | 2,718   | -22.2%            | 3,495       | 2,718        | -22.2% |  |
| Participants                       | 1,203                      | 1,218   | 1.2%              | 1,203       | 1,208        | 0.4%   |  |
|                                    |                            | (Participa  | nts are an averag | e.)         |              |        |  |
| Receipts                           | \$1,111,679                | \$1,122,662   | 1.0%              | \$1,111,679 | \$1,122,662  | 1.0%   |  |
| Disbursements:                     |                            |   |                   |             |              |        |  |
| Benefits                           | 1,160,472                  | 931,083   | -19.8%            | 1,160,472   | 931,083      | -19.8% |  |
| Administration                     | 15,123                     | 15,865  | 4.9%              | 15,123      | 15,865       | 4.9%   |  |
| ReInsurance                        | 31,486                     | 41,510  | 31.8%             | 31,486      | 41,510       | 31.8%  |  |
| PPO                                | 3,951                      | 4,225   | 6.9%              | 3,951       | 4,225        | 6.9%   |  |
| Other                              | 471                        | 999   | 112.1%            | 471         | 999          | 112.1% |  |
| Total                              | \$1,211,503                | \$993,682   | -18.0%            | \$1,211,503 | \$993,682    | -18.0% |  |
| Ending Cash Bala                   | nce                        |   |                   | \$3,910,110 | \$6,444,024  | 64.8%  |  |
| Accrued Reinsurance Reimbursements |                            |   |                   | 0           | 0            |        |  |
| Accrued Liablities                 |                            |   |                   | -1,389,102  | -1,215,829   | -12.5% |  |
| Ending Reserve                     |                            |   |                   | \$2,521,008 | \$5,228,195  | 107.4% |  |

increasing to \$6,444,024. During January 2007, the Plan's receipts were \$99,824 less than the Plan's disbursements, resulting in the Plan's cash balance increasing to \$3,910,110 at January 31, 2007.

The following information summarizes the financial activity of the Plan and provides an explanation of the Plan's financial results for the first month of the plan year ending December 31, 2008. Since January 1, 2008, the Plan's cash balance has increased by approximately \$129,000.

<u>Claims Processed</u> FMH processed 2,718 medical and vision claims in January or 4% more than the 2,623 claims processed in December. During January 2008, FMH processed 22.2% less medical and



vision claims than in January 2007.

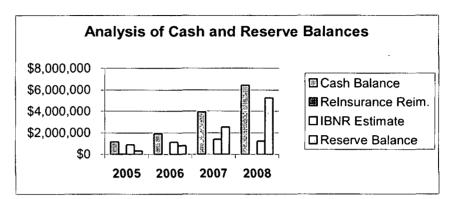
The top 20 individual claims during January accounted for 162 payments, totaling \$314,577. The individual amounts paid for these members ranged

from \$7,431 to \$54,132. During January, the top 20 individuals accounted for 45% of the total medical claims paid. Twenty covered lives represent less than 0.01% of the employees, retirees, spouses and children covered by the Plan as of January 31, 2007. During January, FMH took claims discounts of \$1,158,566 or approximately 51% of the gross medical claims submitted for the month.

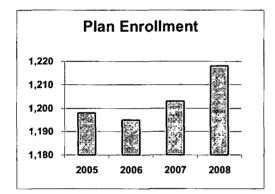
**<u>Reinsurance Coverage</u>** - During the reinsurance policy period starting July 1, 2007, no claim has exceeded the Plan's \$250,000 specific deductible.

# Cash Balance, IBNR &

**<u>Reserve Balance</u>** - The Stay Well Health Care Plan's estimated reserve balance increased during January to \$5,228,195. This increase in the Plan's reserve balance is due to January's receipts being approximately \$129,000 more than January's disbursements.



**<u>Plan Enrollment</u>** - The Plan's enrollment has increased by twenty participants since January 2006 to 1,218 as of January 31, 2008. Currently 67% of employees and retirees have health insurance coverage through the Stay Well Health Care Plan; while 23% chose the Coventry HMO program and 10% chose neither health care plan offered by the City.



**Premiums and Benefit Disbursements -** During January, the benefit disbursements were approximately \$38,000 less than in December. Benefit disbursements during January 2008 were approximately \$229,000 less than in January 2007. Total disbursements during January 2008 were approximately \$218,000 less than January 2007 disbursements. Premium receipts for January 2008 increased by approximately \$24,000 over the previous year.

**<u>Projected Cash Balance</u>** - On October 1, 2007, the City Council approved benefit changes to the Plan for the 2008

plan year. These benefit changes were implemented in conjunction with a one percent (1.0%) increase in the Plan's monthly premiums for the plan year starting January 1, 2007. Based on these benefit changes and increase in monthly premiums, staff projected the Plan's December 31, 2008 cash balance to be \$8,062,725,000. Including the Plan's actual results through January, the projected December 31, 2008 cash balance is \$7,600,000.

The Finance Department will continue to monitor the Plan's financial results and provide information to the City Manager and the Stay Well Health Insurance Advisory Committee regarding funding options for their consideration.

## **Power and Light**

Total operating revenues of the Power and Light Fund of \$67,239,013 reflect an increase of \$3,717,977 over fiscal year 2006-07 operating revenues of \$63,521,036 or 5.9%. An increase of \$5,208,743 in retail energy sales was offset by a decrease in unbilled revenue of \$1,863,709.

Total operating expenses of the Power and Light Fund of \$66,397,834 reflect an increase of \$7,673,665 over fiscal year 2006-07 operating expenses of \$58,724,169 or 13.1 %. Coal costs increased by \$3,596,141 which increased production costs. In addition, general and administration costs increased by \$1,585,422 which was due to higher injuries and damages expenses along with small increases in other various general and administration expenses. Due to higher revenue, payments in lieu of taxes increased \$476,454. Distribution costs increased \$723,971, which was due to maintenance on overhead lines.

# Water

Total operating revenues of the Water Fund of \$11,139,654 reflect a decrease of \$13,336 from fiscal year 2006-07 total operating revenues of \$11,152,990 or .12%. This decrease is attributable to a decrease in wholesale customer demand and rates.

Total operating expenses of the Water Fund of \$9,977,418 reflect an increase of \$1,034,667 from fiscal year 2006-07 total operating expenses of \$8,942,751 or 11.57%. Worker's compensation settlement costs and increased chemical costs are major contributors to the increased expenses.

## Sanitary Sewer

Total operating revenues of the Sanitary Sewer Fund of \$8,854,832 reflect an increase of \$216,470 from fiscal year 2006-07 total operating revenues of \$8,638,362 or 2.506%. This increase is attributable in large part to the rate increase authorized on ordinance 15527 and to an increase in the number of customers.

Total operating expenses of the Sanitary Sewer Fund of \$8,789,934 reflect an increase of \$669,962 from fiscal year 2006-07 total operating expenses of \$8,119,972 or 8.3%. This increase is mainly attributable to increased personnel costs and increased inter-jurisdictional agreement costs.

I will be available to discuss any questions you may have regarding this information.

James &. Harlow

Director of Finance & Administration

# City of Independence, Missouri Analysis of General Fund Revenues - Actual Plus Estimated

| Months of Actual Revenue:          | 7                  | ]                 | Actual                        | Estimated                 |                          | Tetel                         | Variance<br>To             |
|------------------------------------|--------------------|-------------------|-------------------------------|---------------------------|--------------------------|-------------------------------|----------------------------|
| Description                        | Original<br>Budget | Revised<br>Budget | Revenue<br>Through<br>January | Revenue<br>To<br>Year End | Projection<br>Adjustment | Total<br>Projected<br>Revenue | To<br>Budgeted<br>Revenues |
| Property Taxes:                    |                    |                   |                               |                           |                          |                               |                            |
| General Property Taxes:            |                    |                   |                               |                           |                          |                               |                            |
| Real Estate                        | 7,278,006          | 7,278,006         | 7,123,660                     | (16,749)                  |                          | 7,106,911                     | -171,095                   |
| R.R. & Other Utility               | 33,500             | 33,500            |                               | 33,494                    |                          | 33,494                        | -6                         |
| Total Property Taxes               | 7,311,506          | 7,311,506         | 7,123,660                     | 16,744                    |                          | 7,140,404                     | -171,102                   |
| Sales and Use Taxes:               |                    |                   |                               |                           |                          |                               |                            |
| Local Option Sales Tax             | 17,309,210         | 17,309,210        | 9,323,885                     | 7,949,246                 |                          | 17,273,131                    | -36,079                    |
| Cigarette Tax                      | 590,000            | 590,000           | 335,964                       | 236,920                   |                          | 572,884                       | -17,116                    |
| Total Sales and Use Taxes          | 17,899,210         | 17,899,210        | 9,659,849                     | 8,186,166                 |                          | 17,846,015                    | -53,195                    |
| Utility Franchise Fees:            |                    |                   |                               |                           |                          |                               |                            |
| Water                              | 22,000             | 22,000            | 9,124                         | 8,867                     |                          | 17,991                        | -4,009                     |
| Gas                                | 5,400,000          | 5,400,000         | 2,231,842                     | 3,017,910                 |                          | 5,249,752                     | -150,248                   |
| Telephone                          | 1,820,000          | 1,820,000         | 2,234,750                     | 746,824                   |                          | 2,981,574                     | 1,161,574                  |
| Electricity                        | 310,000            | 310,000           | 215,464                       | 126,941                   |                          | 342,405                       | 32,405                     |
| Cable Television                   | 600,000            | 600,000           | 346,660                       | 260,698                   |                          | 607,358                       | 7,358                      |
| Total Utility Franchise Fees       | 8,152,000          | 8,152,000         | 5,037,839                     | 4,161,241                 |                          | 9,199,080                     | 1,047,080                  |
| Payments in Lieu of Taxes          |                    |                   |                               |                           |                          |                               |                            |
| Power & Light in Lieu of Taxes     | 10,598,723         | 10,598,723        | 6,712,950                     | 3,811,330                 |                          | 10,524,280                    | -74,443                    |
| Water Service in Lieu of Taxes     | 1,733,545          | 1,733,545         | 1,043,015                     | 684,916                   |                          | 1,727,931                     | -5,614                     |
| Sanitary Sewer in Lieu of Taxes    | 1,520,180          | 1,520,180         | 854,445                       | 633,283                   |                          | 1,487,728                     | -32,452                    |
| Total Payments in Lieu of Taxes    | 13,852,448         | 13,852,448        | 8,610,409                     | 5,129,529                 |                          | 13,739,938                    | -112,510                   |
| Total Taxes                        | 47,215,164         | 47,215,164        | 30,431,758                    | 17,493,680                |                          | 47,925,438                    | 710,274                    |
| Business Licenses & Permits:       |                    |                   |                               |                           |                          |                               |                            |
| Occupation Licenses                | 1,482,000          | 1,482,000         | 610,988                       | 947,744                   |                          | 1,558,733                     | 76,733                     |
| Liquor Licenses                    | 96,000             | 96,000            | 13,548                        | 87,949                    |                          | 101,497                       | 5,497                      |
| Bld. Trades Licenses and Exams     | 104,040            | 104,040           | 94,262                        | 35,922                    |                          | 130,184                       | 26,144                     |
| Fin - Other License/Permits        | 44,000             | 44,000            | 28,212                        | 19,102                    |                          | 47,314                        | 3,314                      |
| Building Permits, Com. Develop.    | 1,349,916          | 1,349,916         | 445,521                       | 617,728                   |                          | 1,063,250                     | -286,666                   |
| Construction Permits, Public Works | 800,000            | 800,000           | 391,762                       | 166,410                   |                          | 558,172                       | -241,828                   |
| Nursing Home Permits               | 750                | 750               | 750                           | 156                       |                          | 906                           | 156                        |
| Day Care Permits                   | 7,200              | 7,200             | 201                           | 4,308                     |                          | 4,509                         | -2,691                     |
| Food Handler's Permits             | 110,000            | 110,000           | 56,814                        | 47,990                    |                          | 104,804                       | -5,196                     |
| Massage Therapist Appl             | 2,010              | 2,010             | 2,275                         | 634                       |                          | 2,909                         | 899                        |
| Other Food Permits                 | 87,750             | 87,750            | 36,558                        | 22,559                    |                          | 59,117                        | -28,633                    |
| Ambulance Permits & Licenses       | 41,600             | 41,600            | 27,488                        | 15,289                    |                          | 42,777                        | 1,177                      |
| Plan Reviews - Health Dept.        | 2,700              | 2,700             | 3,800                         | 777                       |                          | 4,577                         | 1,877                      |
| Subtotal Bus. Licenses & Permits   | 4,127,966          | 4,127,966         | 1,712,180                     | 1,966,568                 |                          | 3,678,748                     | -449,218                   |
| Non-business Licenses & Permits:   |                    |                   |                               |                           |                          |                               |                            |
| Motor Vehicle Licenses             | 455,000            | 455,000           | 478,351                       | (17,127)                  |                          | 461,224                       | 6,224                      |
| Subtotal Non-bus. Lic. & Permits   | 455,000            | 455,000           | 478,351                       | (17,127)                  |                          | 461,224                       | 6,224                      |
| Total Licenses & Permits           | 4,582,966          | 4,582,966         | 2,190,530                     | 1,949,442                 |                          | 4,139,972                     | -442,994                   |
| Intergovernmental Revenue:         |                    |                   |                               |                           |                          |                               |                            |
| Federal:                           |                    |                   |                               |                           |                          |                               |                            |
| Emergency Management               |                    |                   |                               |                           |                          |                               |                            |
| Public Health Nursing              |                    |                   |                               |                           |                          |                               |                            |
| Community Health ed                |                    |                   |                               |                           |                          |                               |                            |
| Dial-a-ride                        | 25,393             | 25,393            |                               | 19,551                    |                          | 19,551                        | -5,842                     |
| Other                              | •                  |                   | 783                           |                           |                          | 783                           | 783                        |
| Total Federal                      | 25,393             | 25,393            | 783                           | 19,551                    |                          | 20,333                        | -5.060                     |

# City of Independence, Missouri Analysis of General Fund Revenues - Actual Plus Estimated

| Months of Actual Revenue:                           |                    | l<br>Berden t     | Actual<br>Revenue  | Estimated<br>Revenue | <b>D</b>                 | Total                | Variance<br>To       |
|---|--------------------|-------------------|--------------------|----------------------|--------------------------|----------------------|----------------------|
| Description   | Original<br>Budget | Revised<br>Budget | Through<br>January | To<br>Year End       | Projection<br>Adjustment | Projected<br>Revenue | Budgeted<br>Revenues |
| <b>0</b> 4 <i>t</i>                                 |                    |                   |                    |                      |                          |                      |                      |
| State:  | 25 000             | 05 000            | 04.000             | 400                  |                          | 00.400               | 0.57                 |
| Financial Institutions Tax                          | 35,000             | 35,000            | 31,960             | 466                  |                          | 32,426               | -2,574               |
| Gasoline Tax  | 3,350,000          | 3,350,000         | 1,957,105          | 1,381,121            |                          | 3,338,225            | -11,775              |
| Motor Vehicle License Fees                          | 750,000            | 750,000           | 265,413            | 336,516              |                          | 601,929              | -148,071             |
| Motor Vehicle Sales Tax                             | 841,278            | 841,278           | 456,468            | 366,205              |                          | 822,673              | -18,605              |
| Other<br>otal State                                 | 4,976,278          | 4,976,278         | 2,710,946          | 2,084,308            |                          | 4,795,254            | -181,024             |
|   | 1,010,210          | .,                | 2,7 10,0 10        | 2,00 1,000           |                          | 1,7 00,201           | 101,02               |
| Other:  |                    |                   |                    |                      |                          |                      |                      |
| Jackson County Drug Task Force                      | 353,273            | 353,273           | 156,726            | 177,074              |                          | 333,800              | -19,473              |
| Jackson County Dare Program                         | 332,077            | 332,077           | 299,051            | 32,962               | (32,962)                 | 299,051              | -33,026              |
| Mid Am Reg Council                                  | 25,000             | 25,000            | 14,583             | 13,841               |                          | 28,425               | 3,425                |
| Other Misc. Grants                                  |                    |                   |                    |                      |                          |                      |                      |
| otal Other  | 710,350            | 710,350           | 470,361            | 223,878              | (32,962)                 | 661,276              | -49,074              |
| otal Intergovernmental Revenue                      | 5,712,021          | 5,712,021         | 3,182,089          | 2,327,737            | (32,962)                 | 5,476,864            | -235,157             |
| harges for Current Services:<br>General Government: | ·                  |                   |                    |                      |                          |                      |                      |
|   | 45 200             | 45.300            | 10 664             | 10.000               |                          | 20 572               | 0 70-                |
| Planning & Zoning Fees                              | 45,300             |                   | 18,664             | 19,909               |                          | 38,573               | -6,727               |
| Board of Adjustment Fees                            | 4,900              | 4,900             | 3,100              | 2,255                |                          | 5,355                | 455                  |
| Sale of Maps, Books, Plans                          | 10,000             | 10,000            | 9,180              | 5,397                |                          | 14,577               | 4,577                |
| Sale of Police Reports                              | 44,500             | 44,500            | 22,095             | 18,299               |                          | 40,394               | -4,106               |
| Sale of Fire Reports                                | 35                 | 35                | 152                | 13                   |                          | 165                  | 130                  |
| Computer Service Charges                            | 27,000             | 27,000            | 14,883             | 12,613               |                          | 27,495               | 495                  |
| Health:   |                    |                   |                    |                      |                          |                      |                      |
| Animal Shelter Fees                                 | 93,000             | 93,000            | 63,781             | 36,194               |                          | 99,975               | 6,975                |
| Animal ID Tags                                      | 18,000             | 18,000            | 12,620             | 7,842                |                          | 20,462               | 2,462                |
| Health Training Programs                            |                    |                   |                    |                      |                          |                      |                      |
| Public Safety:                                      |                    |                   |                    |                      |                          |                      |                      |
| Reimb. For Police Services                          | 40,000             | 40,000            | 18,440             | 21,211               |                          | 39,651               | -349                 |
| School Resource Officers                            | 488,000            | 488,000           | 165,962            | 255,404              |                          | 421,366              | -66,634              |
| Alarm Charges - Police                              | 39,300             | 39,300            | 27,575             | 14,246               |                          | 41,821               | 2,521                |
| Alarm Charges - Fire                                | 2,025              | 2,025             | 1,375              | 837                  |                          | 2,212                | 187                  |
| Recreation:   |                    |                   |                    |                      |                          |                      |                      |
| Class Fees  | 53,250             | 53,250            | 48,113             | 25,805               |                          | 73,918               | 20,668               |
| Park Concessions                                    | 8,000              | 8,000             | 3,787              | 2,821                |                          | 6,608                | -1,392               |
| Pool Fees   |                    |                   |                    |                      |                          | _                    |                      |
| Recreation Centers                                  | 23,241             | 23,241            | 12,168             | 10,870               |                          | 23,038               | -203                 |
| Recreation Rentals                                  | 97,600             | 97,600            | 64,507             | 51,744               |                          | 116,250              | 18,650               |
| National Frontier Trails Center:                    |                    |                   |                    |                      |                          |                      |                      |
| NFTC - Admissions & Rentals                         | 50,000             | 50,000            | 25,778             | 22,211               |                          | 47,989               | -2,011               |
| NFTC - Gift Shop                                    | 32,000             | 32,000            | 16,593             | 13,600               |                          | 30,193               | -1,807               |
| Cemetery:   |                    |                   |                    |                      |                          |                      |                      |
| Sale of Cemetery Lots                               | 8,200              | 8,200             | 7,350              | 2,712                |                          | 10,062               | 1,862                |
| Sale of Monument Bases                              | 3,100              | 3,100             | 2,515              | 1,196                |                          | 3,711                | 611                  |
| Grave Opening Charges                               | 49,000             | 49,000            | 36,600             | 21,367               |                          | 57,967               | 8,967                |
| Other Charges:                                      |                    |                   |                    |                      |                          |                      |                      |
| Sale of Street Signs                                | 500                | 500               | 45                 | 185                  |                          | 230                  | -270                 |
| Special Assessments                                 | 160,000            | 160,000           | 104,157            | 90,045               |                          | 194,202              | 34,202               |
| Sale of Recycled Material                           |                    |                   | 7,403              |                      |                          | 7,403                | 7,403                |
| Solid Waste Disp Fees                               | 85,000             | 85,000            | 48,477             | 38,688               |                          | 87,166               | 2,166                |
| Miscellaneous Charges                               | 180,000            | 182,658           | 126,563            | 148,230              |                          | 274,794              | 92,136               |
| otal Charges for Current Services                   | 1,561,951          | 1,564,609         | 861,883            | 823,693              |                          | 1,685,577            | 120,968              |

# City of Independence, Missouri Analysis of General Fund Revenues - Actual Plus Estimated

| Months of Actual Revenue:       | 7                  |                   | Actual                        | Estimated                 |                          |                               | Variance                   |
|---------------------------------|--------------------|-------------------|-------------------------------|---------------------------|--------------------------|-------------------------------|----------------------------|
| Description                     | Original<br>Budget | Revised<br>Budget | Revenue<br>Through<br>January | Revenue<br>To<br>Year End | Projection<br>Adjustment | Total<br>Projected<br>Revenue | To<br>Budgeted<br>Revenues |
| Fines and Court Costs           |                    | -                 |                               |                           |                          |                               |                            |
| Fines & Forfeitures             | 3,691,563          | 3,691,563         | 1,853,348                     | 1,618,923                 |                          | 3,472,271                     | -219,292                   |
| Court Costs                     | 462,062            | 462,062           | 211,899                       | 200,249                   |                          | 412,148                       | -49,914                    |
| Police Training                 | 65,145             | 65,145            | 29,290                        | 27,960                    |                          | 57,250                        | -7,895                     |
| Domestic Violence               | 66,335             | 66,335            | 30,953                        | 29,189                    |                          | 60,142                        | -6,193                     |
| Dwi/drug                        | 38,305             | 38,305            | 13,875                        | 16,875                    |                          | 30,750                        |                            |
| Special Warrant Collection      |                    |                   |                               |                           |                          |                               |                            |
| Total Fines and Court Costs     | 4,323,410          | 4,323,410         | 2,139,365                     | 1,893,196                 |                          | 4,032,561                     | -290,849                   |
| Interest Income                 |                    |                   |                               |                           |                          |                               |                            |
| Interest                        | 290,000            | 290,000           | 86,286                        | 147,202                   |                          | 233,488                       | -56,512                    |
| Special Assessments - Interest  | 7,000              | 7,000             | 24                            | 3,550                     |                          | 3,575                         | -3,425                     |
| Interest - Other                | 80,000             | 80,000            | 31,936                        | 43,355                    |                          | 75,290                        | -4,710                     |
| Total Interest Income           | 377,000            | 377,000           | 118,246                       | 194,107                   |                          | 312,353                       | -64,647                    |
| Interfund Chgs. For Supp. Serv. | 3,139,780          | 3,139,780         | 1,831,543                     | 1,353,411                 |                          | 3,184,954                     | 45,174                     |
| Other Revenue:                  |                    |                   |                               |                           |                          |                               |                            |
| Sale of Land                    |                    |                   |                               |                           |                          |                               |                            |
| Sale of Fixed Assets            | 45,000             | 45,000            | 9,357                         | 30,833                    |                          | 40,190                        | -4,810                     |
| Rents                           | 156,000            | 156,000           | 67,564                        | 62,270                    |                          | 129,835                       | -26,165                    |
| Damage Claims                   | 15,000             | 15,000            | 706                           | 5,978                     |                          | 6,685                         | -8,315                     |
| Contributions                   |                    |                   | 19,213                        |                           |                          | 19,213                        | 19,213                     |
| Housing Auth. In Lieu of Taxes  |                    |                   |                               |                           |                          |                               |                            |
| Cash Over/Short                 |                    |                   | (560)                         |                           |                          | -560                          | -560                       |
| Discounts Taken                 | 300                | 300               | 49                            | 141                       |                          | 191                           | -109                       |
| Misc. Non-operating Revenue     | 200,000            | 200,000           | 86,390                        | 101,247                   |                          | 187,637                       | -12,363                    |
| Proceed from Capital Lease      |                    | •                 | 100,695                       |                           |                          | 100,695                       | 100,695                    |
| Total Other Revenue             | 416,300            | 416,300           | 283,415                       | 200,469                   |                          | 483,884                       | 67,584                     |
| Total Revenue                   | 67,328,592         | 67,331,250        | 41,038,830                    | 26,235,735                | (32,962)                 | 67,241,603                    | (89,647)                   |

# City of Independence, Missouri Analysis of General Fund Undesignated Fund Balance

| Beginning Unreserved Fund Balance           |             | \$ 2,129,791 |
|---|-------------|--------------|
| Current Fiscal Year Activity:               |             |              |
| Budgeted Revenues over (under) Expenditures |             | (922,978)    |
| Revenue Variance                            |             | (89,647)     |
| Expenditure Variance                        |             | (315,838)    |
| Prior Year Encumbrance Savings              |             | 36,948       |
| <b>Reservations of Fund Balance:</b>        |             |              |
| Police Forteitures                          | (65,593)    |              |
| Protested Revenues                          | (1,271,979) |              |
| Total                                       |             | (1,337,572)  |
| Appropriations and Designations:            |             |              |
| Total                                       |             | 0            |
| Transfers Out:                              |             |              |
| Storm Water Fund                            | (105,357)   |              |
| Use of Council Goals                        | (100,000)   |              |
| Santa Fe TIF (Vehicle Sales Tax)            | (37,000)    |              |
| Total                                       |             | (242,357)    |
| Transfers In:                               |             |              |
| Total                                       |             | 0            |
| Other:                                      |             |              |
| Carryover of Goals & TIF Distributions      | 1,136,585   |              |
| Grant Close Out                             |             |              |
| Total                                       |             | 1,136,585    |
| Projected Year End Unreserved Fund Balance  |             | \$ 394,932   |

Notes:

#### City of Independence, Missouri Balance Sheet Governmental Funds January 31, 2008

| Assets  | General      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------|--------------------------------|--------------------------------|
| Pooled cash and investments                       | \$ 4,475,646 | 27,591,892                     | 32,067,538                     |
| Receivables:                                      |              |                                |                                |
| Taxes   | 4,189,192    | 3,628,683                      | 7,817,875                      |
| Accounts  | 66,719       | 7,729                          | 74,448                         |
| Special assessment principal and accrued interest | 496,177      | 1,688,355                      | 2,184,532                      |
| Accrued interest                                  | 46,273       | 228,356                        | 274,629                        |
| Due from other funds                              | 143,069      | 3,360,897                      | 3,503,966                      |
| Due from other governments                        | 755,403      | 1,184,876                      | 1,940,279                      |
| Restricted assets                                 | 430,406      | 34,067,795                     | 34,498,201                     |
| Advance to other funds                            | -            | 16,500                         | 16,500                         |
| Total assets                                      | 10,602,885   | 71,775,082                     | 82,377,967                     |

|   | General       | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------|--------------------------------|--------------------------------|
| Liabilities and Fund Balances               |               |                                |                                |
| Liabilities:                                |               |                                |                                |
| Accounts and contracts payable              | \$ 99,762     | 1,570,000                      | 1,669,762                      |
| Due to other funds                          | +             | 3,360,897                      | 3,360,897                      |
| Accrued items                               | 1,945,401     | 100,896                        | 2,046,296                      |
| Other current liabilities                   | 540,175       | 36,220                         | 576,395                        |
| Deferred revenue                            | 496,177       | 1,980,910                      | 2,477,087                      |
| Liabilities payable from restricted assets: |               |                                |                                |
| Deposits and court bonds                    | 205,886       | -                              | 205,886                        |
| Advances from other funds                   | -             | 16,500                         | 16,500                         |
| Total liabilities                           | 3,287,400     | 7,065,423                      | 10,352,823                     |
| Fund Balances:<br>Reserved for:             |               |                                |                                |
| Encumbrances                                | 2,353,525     | 10,426,363                     | 12,779,889                     |
| Domestic violence                           | 5,403         | -                              | 5,403                          |
| Other purposes                              | 2,516,568     | 25,560,862                     | 28,077,430                     |
| Unreserved, reported in:                    |               |                                |                                |
| General fund                                | 1,115,642     | -                              | 1,115,642                      |
| Special revenue funds                       | -             | 17,418,087                     | 17,418,087                     |
| Debt Service fund                           | -             | 139,501                        | 139,501                        |
| Capital project funds                       | -             | 2,246,619                      | 2,246,619                      |
| Designated general fund                     | 1,324,347     | -                              | 1,324,347                      |
| Designated special revenue funds            | -             | 603,366                        | 603,366                        |
| Designated capital project funds            | -             | 8,315,335                      | 8,315,335                      |
| Total fund balance                          | 7,315,485     | 64,710,133                     | 72,025,618                     |
| Total liabilities and fund balance          | \$ 10,602,885 | 71,775,556                     | 82,378,441                     |

.

See accompanying reports for detail on Other Governmental Funds.

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Seven Months Ending January 31, 2008

|  | General       | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------|--------------------------------|--------------------------------|
| Revenues:  |               |                                |                                |
| Taxes  | \$ 21,821,349 | 20,075,959                     | 41,897,307                     |
| Licenses and permits                                 | 2,190,530     | 357,878                        | 2,548,408                      |
| Intergovernmental                                    | 3,182,089     | 2,803,816                      | 5,985,905                      |
| Charges for services                                 | 861,883       | 476,147                        | 1,338,030                      |
| Interfund charges for support services               | 1,831,543     | -                              | 1,831,543                      |
| Fines, forfeitures, and court costs                  | 2,139,365     | -                              | 2,139,365                      |
| Investment Income                                    | 118,246       | 1,847,804                      | 1,966,049                      |
| Sale of property, plant, and equipment               | 9,357         | -                              | 9,357                          |
| TIF Developer Contributions                          | -             | 59,374                         | 59,374                         |
| Other  | 173,363       | 233,260                        | 406,623                        |
| Total revenues                                       | 32,327,725    | 25,854,237                     | 58,181,962                     |
| Expenditures:  |               |                                |                                |
| Current:   | 4 400 000     | 07.005                         | 4 400 000                      |
| General government                                   | 4,402,033     | 27,005                         | 4,429,038                      |
| Public safety  | 21,740,403    | 2,268,481                      | 24,008,884                     |
| Public works   | 4,413,570     | -                              | 4,413,570                      |
| Health and welfare                                   | 1,427,877     | 261,587                        | 1,689,464                      |
| Culture and recreation                               | 1,240,876     | 1,586,578                      | 2,827,454                      |
| Community development                                | 1,566,030     | 672,068                        | 2,238,098                      |
| Storm Water  | 175,170       | 663,534                        | 838,704                        |
| Nondepartmental/other                                | 5,084,299     | 38,756                         | 5,123,054                      |
| Capital outlay                                       | 109,132       | 51,846,708                     | 51,955,839                     |
| Debt service:  |               |                                |                                |
| Principal  | 132,810       | 1,350,000                      | 1,482,810                      |
| Interest and fiscal agent fees                       | 43,170        | 4,215,437                      | 4,258,607                      |
| Total expenditures                                   | 40,335,370    | 62,930,154                     | 103,265,524                    |
| Excess (deficiency) of revenues<br>over expenditures | (8,007,645)   | (37,075,917)                   | (45,083,562)                   |
| Other financing sources (uses):                      |               |                                |                                |
| Proceeds from capital leases/bond issuance           | 100,695       | -                              | 100,695                        |
| Utility payments in lieu of taxes                    | 8,610,409     | -                              | 8,610,409                      |
| Operating transfers in                               | -             | 5,175,134                      | 5,175,134                      |
| Operating transfers out                              | (122,674)     | (5,157,817)                    | (5,280,491)                    |
| Total other financing sources (uses)                 | 8,588,431     | 17,317                         | 8,605,747                      |
| Net change in fund balances                          | 580,786       | (37,058,600)                   | (36,477,814)                   |
| Fund balances, beginning                             | 6,734,699     | 101,768,733                    | 108,503,432                    |
| Fund balances, ending                                | \$ 7,315,485  | 64,710,133                     | 72,025,618                     |
|  |               |                                |                                |

See accompanying reports for detail on Other Governmental Funds.

## City of Independence, Missouri Statement of Expenditures & Encumbrances General Fund For the Seven Months Ending January 31, 2007

|                                   | Original<br>Budget | Revised<br>Budget | Expenditures ·<br>Current Year | Expenditures -<br>Prior Year | Total<br>Expenditures | Encumbrances ·<br>Current Year |
|-----------------------------------|--------------------|-------------------|--------------------------------|------------------------------|-----------------------|--------------------------------|
| General Government:               |                    |                   |                                | ·····                        |                       | <u></u>                        |
| City Council                      | 384.076            | 389,208           | 219.911                        | 66                           | 219,977               | 857                            |
| City Clerk                        | 444,395            | 444,395           | 244,773                        | 9,115                        | 253,887               | 6,968                          |
| City Manager                      | 1,008,238          | 1,027,448         | 588,476                        | 5,834                        | 594,310               | 24,072                         |
| National Frontier Trails Center   | 361,516            | 369,800           | 206,315                        | 8,124                        | 214,439               | 5,396                          |
| Technology Services               | 1,698,079          | 1,734,413         | 998,419                        | 2,561                        | 1,000,980             | 4,438                          |
| Municipal Court                   | 757,022            | 767,605           | 389,469                        | 1,230                        | 390,699               | 6,287                          |
| Law                               | 739,685            | 755,031           | 373,055                        | 38                           | 373,093               | 17,706                         |
| Finance                           | 1,813,004          | 1,845,739         | 1,067,035                      | 21,281                       | 1,088,317             | 44,830                         |
| Human Resources                   | 506,764            | 519,448           | 281,097                        | 1,416                        | 282,514               | 9,990                          |
| Total General Government          | 7,712,779          | 7,853,087         | 4,368,550                      | 49,665                       | 4,418,215             | 120,543                        |
| Public Safety:                    |                    |                   |                                |                              |                       |                                |
| Community Development             | 2,673,178          | 2,830,583         | 1,555,652                      | 10,378                       | 1,566,030             | 176,585                        |
| Police                            | 20,740,646         | 20,820,928        | 13,175,286                     | 54,963                       | 13,230,249            | 484,811                        |
| Fire                              | 14,004,467         | 14,415,790        | 8,553,191                      | 102,918                      | 8,656,109             | 252,083                        |
| Total Public Safety               | 37,418,291         | 38,067,301        | 23,284,129                     | 168,259                      | 23,452,388            | 913,479                        |
| Public Works                      | 7,145,395          | 7,214,904         | 4,239,567                      | 174,003                      | 4,413,570             | 622,831                        |
| Storm Water                       | 295,013            | 296,870           | 175,170                        | -                            | 175,170               | 972                            |
| Health                            | 2,454,091          | 2,471,852         | 1,403,893                      | 23,985                       | 1,427,877             | 42,974                         |
| Parks and Recreation              | 2,045,189          | 2,071,836         | 1,242,216                      | (1,339)                      | 1,240,876             | 102,335                        |
| Non-Departmental                  | 9,135,131          | 8,232,697         | 4,779,865                      | 5,879                        | 4,785,743             | 119,212                        |
| Council Goals                     | 300,000            | 626,138           | 95,127                         | 102,734                      | 197,860               | 45,113                         |
| Debt Service                      | -                  | -                 | 100,695                        | -                            | 100,695               | -                              |
| Capital Outlay                    | 509,096            | 509,096           | 23,083                         | 24,131                       | 47,214                | 59,725                         |
| TIF Distribution                  | 200,000            | 910,447           | 18,126                         | 57,634                       | 75,760                | 22,750                         |
| Total Other                       | 22,083,915         | 22,333,840        | 12,077,740                     | 387,026                      | 12,464,767            | 1,015,912                      |
| Total Expenditures & Encumbrances | 67,214,985         | 68,254,228        | 39,730,419                     | 604,951                      | 40,335,370            | 2,049,934                      |

# CITY OF INDEPENDENCE, MISSOURI Balance Sheet Proprietary Funds January 31, 2008

|   | _    |             |             |            |             |                 |
|---|------|-------------|-------------|------------|-------------|-----------------|
|   |      | Power and   |             | Sanitary   |             | Internal Servic |
| Assets  | _    | Light       | Water       | Sewer      | Total       | Funds           |
| Current assets:                                   |      |             |             |            |             |                 |
| Pooled cash and investments                       | \$   | 20,598,318  | 3,914,873   | 11,345,035 | 35,858,226  | 6,225,771       |
| Receivables:                                      |      |             |             |            |             |                 |
| Accounts (net of allowance of \$937,734)          |      | 6,695,204   | 1,689,519   | 1,497,414  | 9,882,137   | 3,816           |
| Unbilled revenue                                  |      | 6,339,155   | 807,305     | 1,062,540  | 8,209,000   | 51,656          |
| Special assessment principal and accrued interest |      | 4,539       | _           | 51,775     | 56,315      | 108,067         |
| Accrued interest                                  |      | 263,726     | 86,127      | 142,516    | 492,369     |                 |
| Other   |      |             | _           | _          | _           |                 |
| Due from other funds                              |      | 25,956      | 15,619      | 10,356     | 51,931      | _               |
| Due from other governments                        |      | _           | _           | _          |             | _               |
| Inventory   |      | 11,774,973  | 666,790     | 84,709     | 12,526,472  | _               |
| Prepaid items                                     |      | 867,962     |             |            | 867,962     |                 |
| Restricted assets                                 |      | 1,107,386   | 295,010     | 222,092    | 1,624,488   |                 |
| Total current assets                              | -    | 47,677,220  | 7,475,244   | 14,416,436 | 69,568,901  | 6,389,311       |
| Noncurrent assets:                                | -    |             |             |            | 07,500,701  | 0,307,311       |
| Restricted assets                                 |      | 1,494,478   | 500,000     | _          | 1,994,478   | _               |
| Capital assets:                                   |      | 1,474,470   | 500,000     |            | 1,374,70    | _               |
| Nondepreciable                                    |      | 31,324,866  | 3,480,230   | 4,573,335  | 39,378,431  | 93,979          |
| Depreciable, net                                  |      | 127,309,313 | 98,629,213  | 60,490,493 |             | 1,879           |
| Advance to other funds                            |      | 127,309,313 | 98,029,215  | 00,490,493 | 286,429,019 | 1,879           |
| Deferred debt issue costs                         |      | 261 246     | 778 070     | —          |             | _               |
| Prepaid employee benefits                         |      | 261,246     | 778,970     |            | 1,040,216   | _               |
|   |      | 122 (02     | 2 202 104   | _          | 2 426 707   |                 |
| Other deferred charges<br>Total noncurrent assets | -    | 123,603     | 2,302,194   | 0          | 2,425,797   |                 |
| Total assets                                      | , -  | 160,513,507 | 105,690,607 | 65,063,828 | 331,267,941 | 95,858          |
|   | \$ = | 208,190,727 | 113,165,851 | 79,480,264 | 400,836,842 | 6,485,170       |
| Liabilities and Net Assets                        |      |             |             |            |             |                 |
| Current liabilities:                              |      |             |             |            |             |                 |
| Accounts and contracts payable                    | \$   | 5,246,280   | 422,924     | 223,365    | 5,892,568   | 269,281         |
| Accrued items                                     |      | 641,708     | 176,405     | 1,241,397  | 2,059,510   | 22,434          |
| Other current liabilities                         |      | 100,000     | -           | 60,490     | 160,490     | —               |
| Deferred revenue                                  |      | —           | —           |            | <u> </u>    | —               |
| Current portion of long-term obligations          |      | 3,203,653   | 3,301,433   | 270,618    | 6,775,703   | 45,747          |
| Employee benefits payable                         |      | —           | —           |            | _           |                 |
| Medical self-insurance claims                     |      |             | —           |            | _           | 1,215,829       |
| Liabilities payable from restricted assets        | -    | 1,089,943   | 711,425     | 193,325    | 1,994,692   |                 |
| Total current liabilities                         | _    | 10,281,583  | 4,612,187   | 1,989,194  | 16,882,963  | 1,553,291       |
| Noncurrent liabilities:                           |      |             |             |            |             |                 |
| Revenue bonds payable                             |      | 13,062,371  | 35,970,000  | -          | 49,032,371  | —               |
| Other long term liabilities                       |      |             | 725,145     | _          | 725,145     | —               |
| Other post employment benefits                    |      | 290,928     | 117,890     | 93,498     | 502,317     | 11,386          |
| Compensated absences - long-term                  |      | 3,112,624   | 921,257     | 622,145    | 4,656,026   | 78,568          |
| Advances for construction                         | _    | 370,582     | 107,542     |            | 478,124     | _               |
| Total noncurrent liabilities                      |      | 16,836,506  | 37,841,834  | 715,643    | 55,393,983  | 89,954          |
| Total liabilities                                 | -    | 27,118,088  | 42,454,021  | 2,704,837  | 72,276,945  | 1,643,246       |
| Net Assets  | _    |             |             |            |             |                 |
| Invested in capital assets, net of related debt   |      | 143,768,054 | 63,987,352  | 65,063,828 | 272,819,234 | 95,858          |
| Restricted for:                                   |      |             |             |            |             | ,               |
| Debt service                                      |      | 1,494,478   | 500,000     |            | 1,994,478   | _               |
| Unrestricted                                      |      | 35,810,106  | 6,224,478   | 11,711,600 | 53,746,184  | 4,746,065       |
|   |      | ,-,.,       | 0,227,7/0   | 11,11,000  | 55,740,104  | 4,740,003       |
| Total net assets                                  | -    | 181,072,638 | 70,711,830  | 76,775,427 | 328,559,896 | 4,841,924       |

·

# CITY OF INDEPENDENCE, MISSOURI

#### Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds Year ended January 31, 2008

|  |                | Enterprise Funds |            |             |               |  |  |
|--|----------------|------------------|------------|-------------|---------------|--|--|
|  | Power and      | ······           | Sanitary   |             | Internal      |  |  |
|  | Light          | Water            | Sewer      | Totals      | Service Funds |  |  |
| Operating revenues:                              |                |                  |            |             |               |  |  |
| Charges for services                             | \$ 66,324,583  | 10,919,494       | 8,765,887  | 86,009,963  | 1,266,092     |  |  |
| Miscellaneous                                    | 914,430        | 220,160          | 88,945     | 1,223,536   | 7,954,944     |  |  |
| Total operating revenues                         | 67,239,013     | 11,139,654       | 8,854,832  | 87,233,499  | 9,221,036     |  |  |
| Operating expenses:                              |                |                  |            |             |               |  |  |
| Personal services                                | 9,439,952      | 3,965,457        | 2,833,268  | 16,238,677  | 4,494,939     |  |  |
| Other services                                   | 7,326,056      | 2,321,029        | 3,367,202  | 13,014,286  | 7,276,566     |  |  |
| Capital Outlay                                   | (0)            | 62,100           | _          | 62,100      | 3,192         |  |  |
| Supplies   | 31,828,750     | 844,321          | 310,562    | 32,983,633  | 689,462       |  |  |
| Other expenses                                   | 4,179,720      | 1,359,082        | 65,260     | 5,604,063   |               |  |  |
| Depreciation and amortization                    | 6,910,884      | 1,543,319        | 1,359,197  | 9,813,400   | 321           |  |  |
| Total operating expenses                         | 59,685,362     | 10,095,309       | 7,935,489  | 77,716,160  | 12,464,480    |  |  |
| Operating income                                 | 7,553,651      | 1,044,346        | 919,343    | 9,517,339   | (3,243,444)   |  |  |
| lonoperating revenues (expenses):                |                |                  |            |             |               |  |  |
| Interest revenue                                 | 749,735        | 172,005          | 388,656    | 1,310,396   | 165,157       |  |  |
| Miscellaneous revenue                            | 324,260        | 813,881          | 15,243     | 1,153,384   | 3,387,438     |  |  |
| Interest expense                                 | (565,242)      | (1,136,738)      |            | (1,701,979) | _             |  |  |
| Total nonoperating revenue (expenses)            | 508,753        | (150,851)        | 403,899    | 761,801     | 3,552,596     |  |  |
| Income before                                    |                |                  |            |             |               |  |  |
| contributions and transfers                      | 8,062,403      | 893,495          | 1,323,242  | 10,279,141  | 309,149       |  |  |
| Capital contributions                            | 46,054         | 453,149          | 1,485      | 500,688     | _             |  |  |
| ransfers out - Utility payments in lieu of taxes | (6,712,950)    | (1,043,015)      | (854,445)  | (8,610,409) | _             |  |  |
| - Other  | (418,849)      | (124,394)        | (40,543)   | (583,786)   | _             |  |  |
| ransfers in                                      |                | _                | 105,357    | 105,357     | 583,786       |  |  |
| Change in net assets                             | 976,659        | 179,234          | 535,097    | 1,690,990   | 892,935       |  |  |
| otal net assets:                                 | •              |                  |            |             |               |  |  |
| Beginning of the period                          | 180,095,979    | 70,532,596       | 76,240,330 | 326,868,905 | 3,948,989     |  |  |
| End of the period                                | \$ 181,072,638 | 70,711,830       | 76,775,427 | 328,559,895 | 4,841,924     |  |  |

.

# **CITY OF INDEPENDENCE, MISSOURI**

# Statement of Fiduciary Net Assets

# **Fiduciary Funds**

# January 31, 2008

| Assets  | Pr | Agency<br>Funds |                  |
|---|----|-----------------|------------------|
| Pooled cash and investments<br>Accrued interest receivable                        | \$ | 67,220          | 149,071<br>608   |
| Total assets  | \$ | 67,220          | 149,679          |
| Liabilities   |    |                 |                  |
| Accounts and contacts payable<br>Funds held in Escrow<br>Employee deferred credit | \$ | <br>            | 52,506<br>97,173 |
| Total liabilities   | \$ |                 | 149,679          |
| Net Assets  |    |                 |                  |
| Held in trust   | \$ | 67,220          |                  |

×

.

#### City of Independence, Missouri Combining Balance Sheet Special Revenue Funds January 31, 2008

| Assets                      | Tourism      | Independence<br>Square Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation                      | Consolidated<br>Sales Tax | License<br>Surcharge | Grants    | Total      |
|-----------------------------|--------------|--|---------------------------------------|---|---------------------------|----------------------|-----------|------------|
| Pooled cash and investments | \$ 1,544,905 | 46,515                                     | (163,592)                             | (49,798)                                      | 17,815,909                | 3,478,578            | (143,533) | 22,528,984 |
| Receivables:                |              |  | (/                                    | <b>(</b> ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |                           |                      | (,,       |            |
| Taxes                       | 90,000       | 2,010                                      | -                                     | -   | 2,675,949                 | -                    | -         | 2,767,959  |
| Accounts .                  | -            | -  | -                                     | -   | -                         | -                    | 7,399     | 7,399      |
| Accrued interest            | 793          | -  | -                                     | -   | 220,276                   | 7,288                | -         | 228,356    |
| Due from other governments  | -            | -  | 181,994                               | 92,208  | -                         | -                    | 131,182   | 405,383    |
| Restricted assets           | -            |  | -                                     | -   | 731,144                   | -                    | -         | 731,144    |
| Advance to other funds      | -            | -  | -                                     | -   | 16,500                    | -                    | -         | 16,500     |
| Total assets                | \$ 1,635,698 | 48,526                                     | 18,401                                | 42,409  | 21,459,777                | 3,485,866            | (4,952)   | 26,685,725 |
|                             |              |  |                                       |   |                           |                      |           |            |

|   | Tourism      | Independence<br>Square<br>Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation | Sales Tax  | License<br>Surcharge | Grants    | Total      |
|---|--------------|---|---------------------------------------|--------------------------|------------|----------------------|-----------|------------|
| Liabilities and Fund Balances<br>Liabilities: | ·······      |   |                                       |                          |            |                      |           |            |
| Accounts and contracts payable                | s -          | -   | 5,668                                 | 3,000                    | 1,246,313  |                      | 14.802    | 1 000 700  |
| Accrued items                                 | 10,903       | -   | 10,133                                | 3,185                    | 50,252     | •                    | 26,422    | 1,269,783  |
| Other current liabilities                     | 10,803       |   | 10,155                                |                          | 50,252     | -                    | 20,422    | 100,896    |
| Deferred revenue                              | -            | -   | -                                     | 36,220                   | -          | •                    | -         | 36,220     |
| Deteried revenue                              |              | -   | -                                     | -                        | 97,605     | -                    | 105,332   | 202,937    |
| Total liabilities                             | 10,903       | -   | 15,801                                | 42,406                   | 1,394,170  | -                    | 146,556   | 1,609,836  |
| Fund Balances:                                |              |   |                                       |                          |            |                      |           |            |
| Reserved for:                                 |              |   |                                       |                          |            |                      |           |            |
| Encumbrances                                  | 304,684      | -   | 278.074                               | 132,955                  | 5,546,746  | -                    | 158,432   | 6,420,890  |
| Other purposes                                | -            | -   |                                       |                          | 633,546    |                      | 100,402   | 633,546    |
| Unreserved, reported in:                      |              |   |                                       |                          | 000,010    |                      |           | 000,040    |
| Special revenue funds                         | 800,621      | 48,526  | (275,474)                             | (132,951)                | 13,885,315 | 3,401,990            | (309,940) | 17,418,087 |
| Designated special revenue funds              | 519,490      | -   | -                                     | -                        | -          | 83,876               | (000,040) | 603,366    |
| Total fund balance                            | 1,624,795    | 48,526  | 2,600                                 | 4                        | 20,065,607 | 3,485,866            | (151,508) | 25,075,889 |
| Total liabilities and fund balance            | \$ 1,635,698 | 48,526  | 18,401                                | 42,409                   | 21,459,777 | 3,485,866            | (4,952)   | 26,685,725 |
|   |              |   |                                       |                          |            |                      |           |            |

1

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Special Revenue Funds For the Seven Months Ending January 31, 2008

|  | T  | Tourism   | Independence<br>Square Benefit<br>District | Community<br>Development<br>Grant Act | Rental<br>Rehabilitation | Sales Tax   | License<br>Surcharge | Grants    | Total       |
|--|----|-----------|--|---------------------------------------|--------------------------|-------------|----------------------|-----------|-------------|
| Revenues:<br>Taxes   | \$ | 679,565   | 23,834                                     |                                       |                          | 11,061,020  |                      |           | 11,764,419  |
| Licenses and permits                                       | Э  | 079,000   | 23,834                                     | -                                     | -                        | 11,061,020  | 357,878              | -         | 357.878     |
| Intergovernmental  |    | 24,868    | •  | 471,577                               | 277,654                  | -           | 557,676              | 770,339   | 1,544,438   |
| Charges for services                                       |    | 24,000    | _  | 1,300                                 | 217,004                  | 326,317     |                      | 47,079    | 374,696     |
| Investment Income  |    | 27,360    | 640  | 1,000                                 |                          | 553,341     | 75,999               | 47,010    | 657,339     |
| Other  |    | 49        | -  | -                                     | -                        | 117,878     |                      | -         | 117,927     |
| Total revenues   |    | 731,841   | 24,473                                     | 472,877                               | 277,654                  | 12,058,555  | 433,877              | 817,418   | 14,816,696  |
| Expenditures:<br>Current:                                  |    |           | <u></u>                                    |                                       |                          |             |                      |           |             |
| General government   |    | -         | -  | -                                     | -                        | -           | -                    | 27,005    | 27,005      |
| Public safety  |    | -         | •  | -                                     | -                        | 1,623,001   | -                    | 645,480   | 2,268,481   |
| Health and welfare   |    |           | • •  | -                                     | -                        | -           | -                    | 261,587   | 261,587     |
| Culture and recreation                                     |    | 508,071   | -  | -                                     | -                        | 1,078,507   | •                    | •         | 1,586,578   |
| Community development<br>Storm water                       |    | -         | •  | 394,414                               | 277,654                  |             | -                    | -         | 672,068     |
| Storm water<br>Nondepartmental                             |    | -         | -  | -                                     | -                        | 663,534     | •                    | -         | 663,534     |
| Capital outlay   |    | -         | -<br>381                                   | -                                     | -                        | 3,097       | -                    | 34,855    | 37,952      |
| Debt service:  |    | •         | 361  | -                                     | -                        | 8,629,022   | -                    | •         | 8,629,403   |
| Principal  |    |           | _  | _                                     | _                        | 1,350,000   | _                    | -         | 1,350,000   |
| Interest and fiscal agent fees                             |    | -         |  |                                       |                          | 605,914     |                      |           | 605,914     |
| Total expenditures   |    | 508,071   | 381  | 394,414                               | 277.654                  | 13,953,076  |                      | 968,926   | 16,102,523  |
| Excess (deficiency) of revenues                            |    |           |  |                                       |                          |             |                      |           |             |
| over expenditures  |    | 223,770   | 24,092                                     | 78,463                                |                          | (1,894,520) | 433,877              | (151,508) | (1,285,826) |
| Other financing sources (uses):<br>Operating transfers out |    | -         |  | (77,163)                              |                          | (160,428)   | (379,167)            | -         | (616,758)   |
| Total other financing sources (uses)                       |    | •         | <u> </u>                                   | (77,163)                              | -                        | (160,428)   | (379,167)            | -         | (616,758)   |
| Net change in fund balances                                |    | 223,770   | 24,092                                     | 1,300                                 | -                        | (2,054,948) | 54,710               | (151,508) | (1,902,584) |
| Fund balances, beginning                                   |    | 1,401,025 | 24,433                                     | 1,300                                 | 4                        | 22,120,555  | 3,431,156            | -         | 26,978,473  |
| Fund balances, ending                                      | \$ | 1,624,795 | 48,526                                     | 2,600                                 | 4                        | 20,065,607  | 3,485,866            | (151,508) | 25,075,889  |
|  |    |           |  |                                       |                          |             |                      |           |             |

•

#### City of Independence, Missouri Balance Sheet Sales Tax Funds January 31, 2008

| Assets                      | Street<br>Sales Tax | Parks<br>Sales Tax | Storm Water<br>Sales Tax | Police<br>Sales Tax | Fire<br>Sales Tax | Totai<br>Sales Tax<br>Funds |
|-----------------------------|---------------------|--------------------|--------------------------|---------------------|-------------------|-----------------------------|
| Pooled cash and investments | 985,789             | (1,587,481)        | 11,287,619               | 2,445,946           | 4,684,036         | 17,815,909                  |
| Receivables:                |                     |                    |                          |                     |                   |                             |
| Taxes                       | 799,927             | 532,951            | 532,973                  | 277,192             | 532,907           | 2,675,949                   |
| Accrued interest            | 23,654              | -                  | 129,444                  | 4,548               | 62,629            | 220,276                     |
| Restricted assets           | 559,549             | 73,988             | 97,605                   | 0                   | 0                 | 731,144                     |
| Advance to other funds      | -                   | 16,500             | -                        | -                   | -                 | 16,500                      |
| Total assets                | \$ 2,368,919        | \$ (964,042)       | \$ 12,047,641            | \$ 2,727,687        | \$ 5,279,572      | \$ 21,459,777               |

|   | Street<br>Sales Tax | Parks<br>Sales Tax | Storm Water<br>Sales Tax | Police<br>Sales Tax | Fire<br>Sales Tax | Total<br>Sales Tax<br>Funds |
|---|---------------------|--------------------|--------------------------|---------------------|-------------------|-----------------------------|
| Liabilities and Fund Balances<br>Liabilities: |                     |                    |                          |                     |                   |                             |
| Accounts and contracts payable                | 397,191             | 479,761            | 72,716                   | 150,791             | 145,854           | 1,246,313                   |
| Accrued items                                 | -                   | 32,038             | 18,213                   | -                   | -                 | 50,252                      |
| Deferred revenue (note 20)                    | -                   | •                  | 97,605                   | -                   | -                 | 97,605                      |
| Total liabilities                             | 397,191             | 511,799            | 188,535                  | 150,791             | 145,854           | 1,394,170                   |
| Fund Balances:                                | -                   |                    |                          |                     |                   |                             |
| Reserved for:                                 |                     |                    |                          |                     |                   |                             |
| Encumbrances                                  | 886,053             | 1,031,558          | 1,636,969                | 1,211,820           | 780,346           | 5,546,746                   |
| Other purposes                                | 559,549             | 73,996             | -                        | 0                   | 0                 | 633,546                     |
| Unreserved, reported in:                      |                     |                    |                          |                     |                   |                             |
| Special revenue funds                         | 526,127             | (2,581,395)        | 10,222,137               | 1,365,075           | 4,353,371         | 13,885,315                  |
| Total fund balance                            | 1,971,729           | (1,475,841)        | 11,859,106               | 2,576,896           | 5,133,718         | 20,065,607                  |
| Total liabilities and fund balance            | \$ 2,368,919        | \$ (964,042)       | \$ 12,047,641            | \$ 2,727,687        | \$ 5.279.572      | \$ 21,459,777               |

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Sales Tax Funds For the Seven Months Ending January 31, 2008

|  | Street<br>Improvement<br>Sales Tax | Park<br>Improvement<br>Sales Tax | Storm Water<br>Sales Tax | Public<br>Safety<br>Sales Tax | Fire<br>Sales Tax | Total<br>Sales Tax<br>Funds |
|--|------------------------------------|----------------------------------|--------------------------|-------------------------------|-------------------|-----------------------------|
| Revenues:  |                                    |                                  |                          |                               |                   |                             |
| Taxes  | 3,299,677                          | 2,199,117                        | 2,199,444                | 1,164,841                     | 2,197,941         | 11,061,020                  |
| Charges for services                                 | -                                  | 326,317                          | •                        | •                             | -                 | 326,317                     |
| Investment Income                                    | 57,859                             | 13,341                           | 318,353                  | 49,911                        | 113,877           | 553,341                     |
| Other  | -                                  | 24,511                           | 93,366                   | •                             | •                 | 117,878                     |
| Total revenues                                       | 3,357,536                          | 2,563,286                        | 2,611,163                | 1,214,752                     | 2,311,818         | 12,058,555                  |
| Expenditures:  |                                    |                                  |                          |                               |                   |                             |
| Current:<br>Public safety                            |                                    |                                  |                          | 1,307,736                     | 315,266           | 1,623,001                   |
| Culture and recreation                               | •                                  | -<br>1,078,507                   | -                        | 1,307,736                     | 315,200           | 1,078,507                   |
| Storm Water  |                                    | 1,010,007                        | 663,534                  |                               |                   | 663,534                     |
| Nondepartmental/other                                | 2,384                              | 713                              |                          | •                             | -                 | 3,097                       |
| Capital outlay                                       | 3,603,123                          | 1,821,985                        | 1,097,178                | -                             | 2,106,736         | 8,629,022                   |
| Debt service:  |                                    |                                  |                          |                               |                   |                             |
| Principal  | 625,000                            | 725,000                          | -                        | -                             | -                 | 1,350,000                   |
| Interest and fiscal agent fees                       | 110,363                            | 326,414                          | -                        | 81,481                        | 87,656            | 605,914                     |
| Total expenditures                                   | 4,340,869                          | 3,952,620                        | 1,760,712                | 1,389,217                     | 2,509,658         | 13,953,076                  |
| Excess (deficiency) of revenues<br>over expenditures | (983,333)                          | (1,389,334)                      | 850,451                  | (174,465)                     | (197,840)         | (1,894,520)                 |
| Other financing sources (uses):                      |                                    |                                  |                          |                               |                   |                             |
| Operating transfers out                              | (153,041)                          | (2,110)                          | (2,110)                  | (1,055)                       | (2,110)           | (160,428)                   |
| Total other financing sources (uses)                 | (153,041)                          | (2,110)                          | (2,110)                  | (1,055)                       | (2,110)           | (160,428)                   |
| Net change in fund balances                          | (1,136,374)                        | (1,391,444)                      | 848,341                  | (175,520)                     | (199,950)         | (2,054,948)                 |
| Fund balances, beginning                             | 3,108,103                          | (84,397)                         | 11,010,765               | 2,752,416                     | 5,333,668         | 22,120,555                  |
| Fund balances, ending                                | 1,971,729                          | (1,475,841)                      | 11,859,106               | \$ 2,576,896                  | 5,133,718         | 20,065,607                  |
|  |                                    |                                  | <u> </u>                 |                               |                   |                             |

#### City of Independence, Missouri Balance Sheet Debt Service Fund January 31, 2008

.

| Assets  | Debt<br>Service<br>Fund | Total     |
|---|-------------------------|-----------|
| Pooled cash and investments<br>Receivables:       | \$ 45,501               | 45,501    |
| Special assessment principal and accrued interest | 1,217,984               | 1,217,984 |
| Restricted assets                                 | 94,000                  | 94,000    |
| Total assets                                      | \$ 1,357,486            | 1,357,486 |

|   | Debt<br>Service<br>Fund | Total     |  |
|---|-------------------------|-----------|--|
| Liabilities and Fund Balances<br>Liabilities: |                         |           |  |
| Deferred revenue                              | \$ 1,217,984            | 1,217,984 |  |
| Total liabilities                             | 1,217,984               | 1,217,984 |  |
| Fund Balances:<br>Reserved for:               |                         |           |  |
| Encumbrances                                  | -                       | -         |  |
| Unreserved, reported in:<br>Debt Service fund | 139,501                 | 139,501   |  |
| Total fund balance                            | 139,501                 | 139,501   |  |
| Total liabilities and fund balance            | \$ 1,357,486            | 1,357,486 |  |
|   |                         |           |  |

.

~

## City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Debt Service Fund For the Seven Months Ending January 31, 2008

|  | ę  | Total   |         |
|--|----|---------|---------|
| Revenues:  |    |         |         |
| Charges for services   | \$ | 80,040  | 80,040  |
| Investment Income  |    | 1,989   | 1,989   |
| Total revenues   |    | 82,029  | 82,029  |
| Expenditures:  |    |         |         |
| Current:   |    | 004     |         |
| Nondepartmental<br>Debt service:   |    | 804     | 804     |
| Interest and fiscal agent fees   |    | 23,953  | 23,953  |
| Total expenditures   |    | 24,757  | 24,757  |
| Excess (deficiency) of revenues  |    |         |         |
| over expenditures  |    | 57,273  | 57,273  |
| Other financing sources (uses):<br>Operating transfers in<br>Operating transfers out |    | <br>-   | -       |
| Total other financing sources (uses)   |    |         |         |
| Net change in fund balances  |    | 57,273  | 57,273  |
| Fund balances, beginning   |    | 82,229  | 82,229  |
| Fund balances, ending  | \$ | 139,501 | 139,501 |

.

#### City of Independence, Missouri Combining Balance Sheet Capital Projects Funds January 31, 2008

.

.

| Assets  | Street<br>Improvements | Revolving<br>Public<br>Improvements | Consolidated<br>Tax Increment<br>Financing | Buildings<br>and Other<br>Improvements | Storm<br>Drainage | Park<br>Improvements | Total      |
|---|------------------------|-------------------------------------|--|--|-------------------|----------------------|------------|
| Pooled cash and investments                       | \$ (2,180,453)         | 19,401                              | 8,751,879                                  | 152                                    | (16,155)          | (1,557,417)          | 5,017,407  |
| Receivables:                                      |                        |                                     |  |  |                   |                      |            |
| Taxes   | -                      | •                                   | 860,724                                    | -                                      | -                 | -                    | 860,724    |
| Accounts  | 300                    | -                                   | 30   | -                                      | -                 | -                    | 330        |
| Special assessment principal and accrued interest | 470,371                | -                                   | -  | -                                      | -                 | -                    | 470,371    |
| Due from other funds                              | 1,676,219              | •                                   | -  | -                                      |                   | 1,684,677            | 3,360,897  |
| Due from other governments                        | 439,275                | •                                   | 340,217                                    | •                                      | •                 | •                    | 779,492    |
| Restricted assets                                 | -                      | •                                   | 33,242,651                                 | •                                      | -                 | -                    | 33,242,651 |
| Total assets                                      | \$ 405,713             | \$ 19,401                           | 43,195,501                                 | 152                                    | (16,155)          | 127,260              | 43,731,872 |

.

.

|   | Street<br>Improvements | Revolving<br>Public<br>Improvements | Tax<br>increment<br>Financing | Buildings<br>and Other<br>Improvements | Storm<br>Drainage | Park<br>Improvements | Total                  |
|---|------------------------|-------------------------------------|-------------------------------|--|-------------------|----------------------|------------------------|
| Liabilities and Fund Balances<br>Liabilities:   |                        |                                     | <u> </u>                      |  |                   |                      |                        |
| Accounts and contracts payable  | \$ 182,543             | -                                   | •                             | -                                      | -                 | 117,674              | 300,217                |
| Due to other funds  | -                      | -                                   | 3,360,897                     | -                                      | •                 | -                    | 3,360,897              |
| Deferred revenue  | 559,988                | -                                   | <del>,</del>                  | -                                      | -                 |                      | 559,988                |
| Advances from other funds   | -                      | •                                   | 16,500                        | -                                      | -                 | -                    | 16,500                 |
| Total liabilities   | 742,532                | -                                   | 3,377,397                     |  | -                 | 117,674              | 4,237,602              |
| Fund Balances:<br>Reserved for:   |                        |                                     |                               |  |                   |                      |                        |
| Encumbrances  | 3,847,501              | -                                   | 8,678                         | 12,178                                 | •                 | 137,116              | 4,005,473              |
| Other purposes  | -                      | •                                   | 24,927,316                    | -                                      | -                 | -                    | 24,927,316             |
| Unreserved, reported in:<br>Capital project funds<br>Designated capital project funds | (4,183,847)            | 19,401<br>-                         | 6,566,776<br>8,315,335        | (12,025)                               | (16,155)          | (127,530)            | 2,246,619<br>8,315,335 |
| Total fund balance  | (336,345)              | 19,401                              | 39,818,104                    | 152                                    | (16,155)          | 9,586                | 39,494,743             |
| Total liabilities and fund balance  | \$ 406,187             | \$ 19,401                           | 43,195,501                    | 152                                    | (16,155)          | 127,260              | 43,732,346             |

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances Capital Project Funds For the Seven Months Ending January 31, 2008

|  | Street<br>Improvements | Revolving<br>Public<br>Improvements | Consolidated<br>Tax Increment<br>Financing | Buildings<br>and Other<br>Improvements | Storm<br>Drainage | Park<br>Improvements | Total        |
|--|------------------------|-------------------------------------|--|--|-------------------|----------------------|--------------|
| Revenues:  |                        |                                     |  |  |                   |                      |              |
| Taxes  | \$-                    | -                                   | 8,311,540                                  |  |                   | -                    | 8,311,540    |
| Intergovernmental  | 1,259,378              | -                                   | -  | -                                      |                   | •                    | 1,259,378    |
| Charges for services   | 11,411                 | -                                   | 10,000                                     | -                                      | •                 | -                    | 21,411       |
| Investment Income  | (114)                  | 401                                 | 1,188,147                                  | 2                                      | -                 | 39                   | 1,188,475    |
| TIF Developer Contributions                                  | -                      | •                                   | 59,374                                     | •                                      | -                 | •                    | 59,374       |
| Other  | 97,990                 | -                                   | 17,955                                     | (612)                                  | •                 | •                    | 115,333      |
| Total revenues   | 1,368,664              | 401                                 | 9,587,017                                  | (610)                                  |                   | 39                   | 10,955,511   |
| Expenditures:<br>Current:<br>Capital outlay<br>Debt service: | 4,862,939              |                                     | 36,658,650                                 | (362)                                  | -                 | 1,696,077            | 43,217,304   |
| Principal  | -                      | -                                   | · •  | -                                      | -                 | -                    | -            |
| Interest and fiscal agent fees                               | •                      | -                                   | 3,585,570                                  | -                                      |                   | -                    | 3,585,570    |
| Total expenditures   | 4,862,939              |                                     | 40,244,220                                 | (362)                                  | <u> </u>          | 1,696,077            | 46,802,874   |
| Excess (deficiency) of revenues<br>over expenditures         | (3,494,275)            | 401                                 | (30,657,203)                               | (248)                                  | -                 | (1,696,038)          | (35,847,363) |
| Other financing sources (uses):                              |                        |                                     |  |  |                   |                      |              |
| Operating transfers in                                       | 3,459,813              | •                                   | 18,994                                     | 250                                    | -                 | 1,696,077            | 5,175,134    |
| Operating transfers out                                      | •                      | -                                   | (4,541,059)                                | -                                      | -                 | •                    | (4,541,059)  |
| Total other financing sources (uses)                         | 3,459,813              |                                     | (4,522,066)                                | 250                                    | -                 | 1,696,077            | 634,074      |
| Net change in fund balances                                  | (34,462)               | 401                                 | (35,179,269)                               | 2                                      | -                 | 39                   | (35,213,289) |
| Fund balances, beginning                                     | (301,883)              | 19,000                              | 74,997,373                                 | 150                                    | (16,155)          | 9,547                | 74,708,032   |
| Fund balances, ending  | \$ (336,345)           | 19,401                              | 39,818,104                                 | 152                                    | (16,155)          | 9,586                | 39,494,743   |

#### City of Independence, Missouri Balance Sheet TIF Funds 1/31/08

| Mid Town Bolger Sterling Hartman Drumm Eastland North Mount Noland Rd Cracksmeck Old Cornerstone<br>Assets Truman RSD Square Santa Fe Village Heritage Farm Center Indep. Washington Hy-V ee Autobody Creek Landfül Apta   | Trinity     | TIF<br>HCA App Fees                                      | Total<br>TDF<br>Funds                         |
|--|-------------|--|---|
| Pooled cash and investments (note 3) 641,575 89,371 1,658,422 6,428 4,075 2,126,371 1,014,178 1,153,144 47,639 103,660 275,167 38,198 (669,123) 225 248,649  | 74,055      | 1 924.990 14,754   | 8,751,879                                     |
| Texes (266) 8.500 17,000 11,860 1.385 291,654 22.319 415.564 3.600 900 28.000 - 23,188 21 36,919   | 51          |  | 860,724                                       |
| Due fram other governments (note 5) 1,100 81,827 1,562 53,829 2,280 149,293 3,777 1,228 44,334   | :           | . 30<br>987 -  | 30<br>340,217                                 |
| Restricted assets (notes 3 and 8) 825,063997,2871,979,345 2018,385 18,700,589  |             | 8,695,677 -  | 33.242,651                                    |
| Total essets 3 641,409 5 99,971 3 2,582,313 \$ 1017,138 \$ 5,460 \$ 4,455,199 \$ 1,087,081 \$ 3,734,386 \$ 55,016 \$ 105,788 \$ 347,502 \$ 38,198 \$ 18,054,653 \$ 246 \$ 285,568  | \$74,136 \$ | 10 621 654 \$ 14 785                                     | \$ 43,195,501                                 |
| Mid Town Bolger Sterling Hartman Drumm Eastland North Mount Noland Rd Crackemeck Old Cornerstone<br>Liabilities and Fund Balances<br>Liabilities<br>Cue to other funds (nots 6)  | Trinity     | TIF<br>HCA App Fees<br>22,385 .                          | Total<br>TIF<br>Funds<br>3,360,897<br>16,500  |
| Total liabities 1.590.547 0 1.764.463  | · · ·       | 22.366 -   | 3,377,397                                     |
| Fund Balances<br>Reserved for:<br>Encumbrances<br>Other purposes<br>Unreserved, reported an:<br>Capital project funds<br>De ulgmate capital project funds<br>Encumbrances<br>Unreserved, reported an:<br>Capital project funds<br>De ulgmate capital project funds<br>De ulgmate capital project funds | 74,136      | - 8,678<br>3.312,855 -<br>1,903,590 8,107<br>5,382,822 - | 6,678<br>24,927,316<br>6,566,776<br>8,315,335 |
| Total fund balance 641,409 98,971 2,582,313 1,017,138 5,460 4,451,198 1,067,081 2,143,839 55,016 105,788 347,502 38,188 16,290,190 246 285,588   | 74,136      | 10,599,268 14,785  | 39,818,104                                    |
| Total aubliles and fund balance \$ 641,409 \$ 98,971 \$ 2,562,313 \$ 1,017,138 \$ 5,460 \$ 4,451,188 \$ 1,067,081 \$ 3,734,386 \$ 55,016 \$ 105,788 \$ 347,502 \$ 38,198 \$ 18,054,653 \$ 246 \$ 285,566   | \$74.136 \$ | 10.621.654 14.785  | 43,195,501                                    |

29

.

.

#### City of Independence, Missouri Statement of Revenues, Expenditures, and Changes in Fund Balances The Funds For the Seven Months Ending January 31, 2008

|                                      | Mid Town<br>Truman | RSO      | Bolger<br>Square | Santa Fe  | Sterling<br>Village | Hartman<br>Heritage | Drumm<br>Farm | Eastland<br>Center | North<br>Indep. | Mount<br>Washington | Hy Vee   | Noland Rd<br>Autobody | Crackerneck<br>Creek | Old<br>Landfill | Cornerstone<br>Apts | Trinity | HCA          | TIF<br>App Fees | Total<br>TIF<br>Funds |             |
|--------------------------------------|--------------------|----------|------------------|-----------|---------------------|---------------------|---------------|--------------------|-----------------|---------------------|----------|-----------------------|----------------------|-----------------|---------------------|---------|--------------|-----------------|-----------------------|-------------|
| Revenues;<br>Taxes (note 4)          | 41 912             | 88,747   | 991.005          | 14,741    | 5,558               | 1,458,383           | 419,394       | 2.424.667          | 59.277          | 12.260              | 404,100  | 23,200                | 257.526              | 245             | 284,588             | 73,774  | 1.722.042    |                 | 8.311.540             |             |
| Charges for services                 |                    | -        |                  |           | 0,000               |                     | - 10,004      | 2,424,007          |                 | 12,200              |          | 13,100                | 207.520              | 1-5             | 104,000             | /3,//4  |              | 10,000          | 10.000                |             |
| Investment Income                    | 13,452             | 1,601    | 38,697           | 27,610    | 16                  | 73,172              | 15.802        | 49,061             | 403             | 2,018               | 2,337    | 446                   | 748,690              | 1               | 880                 | 362     | 213,407      | 171             | 1,188,147             |             |
| TIF Developer Contributions          | -                  | •        | •                | 59,374    | -                   | •                   | •             |                    | •               | -                   | -        | •                     | •                    |                 | •                   |         | •            |                 | 59,374                |             |
| Other (note 6)                       | • .                | -        | •                | 17,955    | •                   | •                   | •             |                    | -               | -                   | •        | -                     | •                    |                 | •                   | •       | •            | •               | 17,955                |             |
| Total revenues                       | 55.364             | 90,348   | 1,029,702        | 119,681   | 5,574               | 1,531,555           | 435,196       | 2,473,748          | 59,680          | 14,299              | 406,437  | 23,546                | 1,036,215            | 248             | 285,568             | 74,136  | 1,935,450    | 10,171          | 9,587,017             |             |
| Expenditures:                        |                    |          |                  |           |                     |                     |               |                    |                 |                     |          |                       |                      |                 |                     |         |              |                 |                       |             |
| Capital outbay<br>Debt service:      | 273,525            | 51,322   | 3,929            | 2,525     | •                   | 8,600               | 2,163         | 685,108            | 25,550          | 5,345               | 178.040  | •                     | 23,973,186           | •               | 38 048              | •       | 11,412,597   | 1,710           | 36,658,650            |             |
| Interest and fiscal agent fees       | -                  |          | 46,665           | 245,453   | •                   | 387,771             | 70.277        | 392,130            |                 |                     |          | -                     | 2,010,530            |                 |                     | -       | 432,544      |                 | 3 585,570             |             |
| Total expendences                    | 273,525            | 51,322   | 50,794           | 247,978   | · ·                 | 394,370             | 72,440        | 1,077,239          | 26,550          | 5,348               | 178,040  |                       | 25,983,715           |                 | 36,048              |         | 11,845,141   | 1,710           | 40,244,220            |             |
| Excess (deficiency) of revenues      |                    |          |                  | <u> </u>  |                     |                     |               |                    |                 |                     |          |                       |                      |                 | <u> </u>            |         |              |                 |                       |             |
| over expenditures                    | (218,151)          | 39.027   | 978,908          | (128.297) | 5,574               | 1,137,184           | 362,757       | 1,396,510          | 33,130          | 6,951               | 228,397  | 23,646                | (24,947,501)         | 248             | 249,520             | 74,136  | (9,909,691)  | 8,461           | (30,657 203)          |             |
| Other financing sources (uses):      |                    |          |                  |           |                     |                     |               |                    |                 |                     |          |                       |                      |                 |                     |         |              |                 |                       |             |
| Operating transfers in (note 6)      |                    | •        | -                | 18,994    | -                   | -                   |               | -                  |                 | •                   | -        | •                     | -                    |                 | •                   | •       |              | •               | 18,994                |             |
| Operating transfers out (note 6)     | •                  | •        | •                | •         | •                   | •                   | •             | (1,595,302)        | -               | •                   | •        | •                     | (1,763,728)          | •               | •                   | •       | (1,162,029)  | -               | (4,541,059)           | (4,522,066) |
| Total other financing sources (uses) |                    | <u> </u> | :                | 18,994    | •                   | <u> </u>            |               | (1,595,302)        |                 |                     | <u> </u> | <u> </u>              | (1,763,728)          | <u> </u>        |                     |         | (1,162,029)  |                 | (4,522,066)           |             |
|                                      |                    |          |                  |           |                     |                     |               |                    |                 |                     |          |                       |                      |                 |                     |         |              |                 |                       |             |
| Net change in fund balances          | (218,161)          | 39.027   | 978 908          | (109.304) | 5,574               | 1,137,184           | 362,757       | (195,792)          | 33,130          | 8,951               | 228,397  | 23,646                | (26,711.229)         | 246             | 249,520             | 74,136  | (11.091,720) | 8,461           | (35,179,269)          |             |
| Fund balances, beginning             | 859.570            | 59,944   | 1 603,405        | 1,126,441 | (114)               | 3,314,014           | 704,324       | 2.342,631          | 21,886          | 96,837              | 119,105  | 14,552                | 43,001,420           |                 | 36,048              |         | 21,690,955   | 6,323           | 74,997,373            |             |
| Fund balances, ending                | \$ 641,409         | 98,971   | 2.582.313        | 1,017,138 | 5,460               | 4,451,198           | 1,067,081     | 2,143,839          | 55,016          | 105,788             | 347,502  | 38,198                | 15,290,190           | 246             | 285,568             | 74,136  | 10,599,268   | 14,785          | 39,518,104            |             |
|                                      |                    |          |                  |           |                     |                     |               |                    |                 |                     |          |                       |                      |                 |                     |         |              |                 |                       |             |

30

# CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Net Assets Internal Service Funds January 31, 2008

|   |    | Central   | Pharmacy<br>Benefit | Staywell<br>Health | Worker's     | Total       |
|---|----|-----------|---------------------|--------------------|--------------|-------------|
| Assets  |    | Garage    | Plan                | Care               | Compensation | (Exhibit 5) |
| Current assets:                                 |    |           |                     |                    |              |             |
| Pooled cash and investments                     | \$ | 113,706   | 64,364              | 6,452,435          | (404,734)    | 6,225,771   |
| Accounts receivable                             |    | 2,768     | 1,048               | _                  |              | 3,816       |
| Accrued interest receivable                     |    | —         | _                   | 51,656             | _            | 51,656      |
| Inventory                                       |    | 108,067   | _                   |                    |              | 108,067     |
| Property, plant, and equipment, net:            |    |           |                     |                    |              | _           |
| Land and infrastructure                         |    |           |                     | _                  | _            |             |
| Buildings, property, and equipment, net         |    |           | -                   | _                  | _            |             |
| Advance to other funds                          |    | _         | _                   |                    | _            |             |
| Deferred debt issue costs                       |    |           | _                   | _                  | <u> </u>     |             |
| Prepaid employee benefits                       |    |           | _                   |                    |              | _           |
| Other deferred charges                          |    | _         |                     |                    | _            | _           |
| Total current assets                            | •  | 224,542   | 65,412              | 6,504,091          | (404,734)    | 6,389,311   |
| Noncurrent assets:                              | _  |           |                     |                    |              |             |
| Property, plant, and equipment;                 |    |           |                     |                    |              |             |
| Land  |    | 93,979    | —                   | _                  |              | 93,979      |
| Depreciable property, plant, and equipment      |    | 146,481   | <del></del>         | -                  | _            | 146,481     |
| Less accumulated depreciation                   |    | (144,602) |                     |                    | _            | (144,602)   |
| Total noncurrent assets                         |    | 95,858    |                     |                    |              | 95,858      |
| Total assets                                    | \$ | 320,400   | 65,412              | 6,504,091          | (404,734)    | 6,485,170   |
| Liabilities                                     | _  |           | 4 <u></u>           |                    |              |             |
| Current liabilities:                            |    |           |                     |                    |              |             |
| Accounts and contracts payable                  | \$ | 36,057    | 232,777             | _                  | 447          | 269,281     |
| Accrued liabilities                             |    | 20,511    | _                   | _                  | 1,923        | 22,434      |
| Compensated absences - current                  |    | 34,266    | _                   | _                  | 11,481       | 45,747      |
| Employee benefits payable                       |    | _         | _                   |                    |              | _           |
| Medical self-insurance claims                   |    | _         | _                   | 1,215,829          | <u> </u>     | 1,215,829   |
| Total current liabilities                       |    | 90,834    | 232,777             | 1,215,829          | 13,851       | 1,553,291   |
| Noncurrent liabilities:                         |    |           | <u></u>             |                    |              |             |
| Compensated absences - long-term                |    | 51,873    | _                   |                    | 26,696       | 78,568      |
| Other post employment benefits                  |    | 11,386    | _                   |                    | _            | 11,386      |
| Total liabilities                               |    | 154,092   | 232,777             | 1,215,829          | 40,547       | 1,643,246   |
| Net Assets                                      |    |           |                     |                    |              |             |
| Invested in capital assets, net of related debt |    | 95,858    | _                   | —                  | -            | 95,858      |
| Unrestricted                                    |    | 70,449    | (167,365)           | 5,288,262          | (445,281)    | 4,746,065   |
| Total net assets (deficit)                      | -  | 166,308   | (167,365)           | 5,288,262          | (445,281)    | 4,841,924   |
| Total liabilities and net assets                | \$ | 320,400   | 65,412              | 6,504,091          | (404,734)    | 6,485,170   |
|   | _  |           |                     |                    |              |             |

•

# CITY OF INDEPENDENCE, MISSOURI Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Funds

| Year ende | d January | 31, | 2008 |
|-----------|-----------|-----|------|
|-----------|-----------|-----|------|

|                               |    | Central   | Pharmacy<br>Benefit | Staywell<br>Health | Worker's    | Total       |
|-------------------------------|----|-----------|---------------------|--------------------|-------------|-------------|
|                               |    | Garage    | Plan                | Care               | Comp        | (Exhibit 6) |
| Operating revenues:           | _  |           |                     |                    |             |             |
| Charges for services          | \$ | 1,266,092 | —                   | _                  | -           | 1,266,092   |
| Miscellaneous                 |    |           | 349,574             | 7,605,370          |             | 7,954,944   |
| Total operating revenues      |    | 1,266,092 | 349,574             | 7,605,370          |             | 9,221,036   |
| Operating expenses:           | _  |           |                     |                    |             |             |
| Personal services             |    | 395,978   |                     | _                  | 4,098,961   | 4,494,939   |
| Other services                |    | 241,344   | 420,118             | 6,448,186          | 166,919     | 7,276,566   |
| Supplies                      |    | 684,885   | —                   | _                  | 4,577       | 689,462     |
| Capital outlay                |    | _         |                     |                    | 3,192       | 3,192       |
| Depreciation and amortization |    | 321       | _                   | -                  |             | 321         |
| Total operating expenses      |    | 1,322,527 | 420,118             | 6,448,186          | 4,273,649   | 12,464,480  |
| Operating Income              |    | (56,435)  | (70,544)            | 1,157,183          | (4,273,649) | (3,243,444) |
| Nonoperating revenues:        | _  |           |                     |                    |             |             |
| Interest revenue              |    | 2,033     | 612                 | 160,126            | 2,386       | 165,157     |
| Miscellaneous revenue         |    | 24,162    | 6,794               | 114,285            | 3,242,197   | 3,387,438   |
| Total nonoperating revenue    |    | 26,195    | 7,406               | 274,411            | 3,244,582   | 3,552,596   |
| Income before transfers       | _  | (30,240)  | (63,138)            | 1,431,594          | (1,029,067) | 309,149     |
| Transfers in (out)            |    | _         | _                   |                    | 583,786     | 583,786     |
| Change in net assets          | _  | (30,240)  | (63,138)            | 1,431,594          | (445,281)   | 892,935     |
| Total net assets (deficit):   |    |           |                     |                    |             |             |
| Beginning of the period       |    | 196,548   | (104,227)           | 3,856,668          | _           | 3,948,989   |
| End of the period             | \$ | 166,308   | (167,365)           | 5,288,262          | (445,281)   | 4,841,924   |

.

.

# CITY OF INDEPENDENCE, MISSOURI

# Combining Statement of Fiduciary Net Assets

# **Fiduciary Funds**

# January 31, 2008

|  | F                                    | Private-<br>Purpose Trust<br>Fund |        |                             |                         |                               |                  |
|--|--------------------------------------|-----------------------------------|--------|-----------------------------|-------------------------|-------------------------------|------------------|
| Assets   | Miscellaneous<br>Expendable<br>Trust |                                   | Total  | Flexible<br>Benefit<br>Plan | Susie<br>Block<br>Trust | Seniors<br>Travel<br>Programs | Total            |
| Pooled cash and investments<br>Accrued interest receivable   | \$                                   | 67,220                            | 67,220 | 97,172                      | 30,389<br>608           | 21,510                        | 149,071<br>608   |
| Total assets<br>Due from flexible benefit plan   | \$_                                  | 67,220                            | 67,220 | 97,172                      | 30,997                  | 21,510                        | 149,679          |
| Liabilities  |                                      |                                   |        |                             |                         |                               |                  |
| Accounts and contacts payable<br>Internal balances (note 6)<br>Liabilities payable from restricted assets: | \$                                   | _                                 | _      | _                           |                         | _                             |                  |
| Funds held in Escrow<br>Employee deferred credit   | _                                    |                                   | ·      | 97,173                      | 30,996                  | 21,510                        | 52,506<br>97,173 |
| Total liabilities  |                                      |                                   |        | 97,173                      | 30,996                  | 21,510                        | 149,679          |
| Net Assets   |                                      |                                   |        |                             |                         |                               |                  |
| Held in trust  | \$                                   | 67,220                            | 67,220 |                             |                         |                               |                  |

CITY/OF-INDEPENDENCE SCHEDULE OF CASH & INVESTMENTS BY FUND January 31, 2008 DUE TO CASH & RESTRICTED POOLED INVESTMENTS CASH CASH TOTAL

| GENERAL  | 4,475,645.52                        | 430,406.22                           | -                               | 4,906,051.74                        |
|--|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|
| SPECIAL REVENUE  |                                     |                                      |                                 |                                     |
| TOURISM  | 1,544,905.38                        | -                                    | -                               | 1,544,905.38                        |
| CDA  | -                                   | -                                    | (163,592.14)                    | (163,592.14)                        |
| RENTAL REHAB   | -                                   | -                                    | (49,798.48)                     | (49,798.48)                         |
| INDEP. SQUARE BENEFIT  | 46,515.37                           | -                                    | -                               | 46,515.37                           |
| STREET SALES TAX   | 985,789.24                          | 559,549.37                           | -                               | 1,545,338.61                        |
| PARKS SALES TAX  | -                                   | 73,988.41                            | (1,587,480.94)                  | (1,513,492.53)                      |
| STORM WATER SALES TAX  | 11,287,618.75                       | 97,605.42                            | -                               | 11,385,224.17                       |
| POLICE SALES TAX   | 2,445,946.09                        | 0.38                                 | -                               | 2,445,946.47                        |
| FIRE SALES TAX   | 4,684,036.10                        | 0.43                                 | -                               | 4,684,036.53                        |
| LICENSE SURCHARGE  | 3,478,577.61                        | -                                    | -                               | 3,478,577.61                        |
| GRANT  | -                                   | -                                    | (143,533.16)                    | (143,533.16)                        |
| TOTAL  | 24,473,388.54                       | 731,144.01                           | (1,944,404.72)                  | 23,260,127.83                       |
| DEBT SERVICE FUND  | 45,501.20                           | 94,000.00                            | -                               | 139,501.20                          |
| CAPITAL PROJECTS   |                                     |                                      |                                 |                                     |
| STREET   | -                                   | -                                    | (2,180,452.89)                  | (2,180,452.89)                      |
| TIF  | 8,751,879.00                        | 33,242,650.77                        | -                               | 41,994,529.77                       |
| BUILDING   | 152.36                              | -                                    | -                               | 152.36                              |
| STORM DRAINAGE   | -                                   | -                                    | (16,155.37)                     | (16,155.37)                         |
| PARKS  | -                                   | -                                    | (1,557,416.74)                  | (1,557,416.74)                      |
| REVOLVING PUBLIC IMPROV.   | 19,400.87                           | -                                    | -                               | 19,400.87                           |
| TOTAL  | 8,771,432.23                        | 33,242,650.77                        | (3,754,025.00)                  | 38,260,058.00                       |
| ENTERPRISE   |                                     |                                      |                                 |                                     |
| POWER & LIGHT  | 20,598,318.12                       | 2,601,864.26                         | -                               | 23,200,182.38                       |
| WATER  | 3,914,873.31                        | 795,010.02                           | -                               | 4,709,883.33                        |
| SEWER  | 11,345,034.70                       | 222,091.58                           | -                               | 11,567,126.28                       |
| TOTAL  | 35,858,226.13                       | 3,618,965.86                         | -                               | 39,477,191.99                       |
| INTERNAL SERVICE   |                                     |                                      |                                 |                                     |
| CENTRAL GARAGE   | 113,706.34                          | -                                    | -                               | 113,706.34                          |
| PHARMACY BENEFIT FUND  | 64,364.13                           | -                                    | -                               | 64,364.13                           |
| STAYWELL INSURANCE   | 6,452,434.55                        | -                                    | -                               | 6,452,434.55                        |
| WORKER'S COMPENSATION  | -                                   |                                      | (404,733.84)                    | (404,733.84)                        |
|  |                                     |                                      |                                 |                                     |
| TOTAL  | 6,630,505.02                        | -                                    | -                               | 6,630,505.02                        |
|  | 6,630,505.02                        | -                                    | -                               | 6,630,505.02                        |
| TOTAL  | 6,630,505.02                        | -                                    | -                               | 6,630,505.02                        |
| TOTAL  | 6,630,505.02                        | -                                    | -                               | 6,630,505.02<br>-<br>67,220.47      |
| TOTAL<br>TRUST & AGENCY<br>WAGGONER<br>MISC TRUST<br>SUSIE PAXTON BLOCK TRUST                            | -<br>-                              |                                      | -                               | -                                   |
| TOTAL<br>TRUST & AGENCY<br>WAGGONER<br>MISC TRUST  | 67,220.47<br>30,388.62<br>21,510.12 |                                      | -<br>-<br>-<br>-                | 67,220.47                           |
| TOTAL<br>TRUST & AGENCY<br>WAGGONER<br>MISC TRUST<br>SUSIE PAXTON BLOCK TRUST                            | 67,220.47<br>30,388.62              |                                      | -<br>-<br>-<br>-                | 67,220.47<br>30,388.62              |
| TOTAL<br>TRUST & AGENCY<br>WAGGONER<br>MISC TRUST<br>SUSIE PAXTON BLOCK TRUST<br>SENIORS TRAVEL PROGRAMS | 67,220.47<br>30,388.62<br>21,510.12 | -<br>-<br>-<br>-<br>-<br>-<br>-<br>- | -<br>-<br>-<br>-<br>-<br>-<br>- | 67,220.47<br>30,388.62<br>21,510.12 |

| SCHEDULE O                | F CASH & INVE | PEPENDENCE<br>ESTMENTS BY C<br>y 31, 2008<br>ORIGINAL<br>COST | ATEGORY<br>MARKET<br>VALUE | YIELD  |
|---------------------------|---------------|---|----------------------------|--------|
| CASH IN BANK              |               | 45,360,881.81   | 45,360,881.81              |        |
| CERTIFICATE OF DEPOSIT    |               |   |                            |        |
| Commerce                  | 11/26/08      | 8,000,000.00  | 8,000,000.00               | 4.100% |
| Commerce                  | 04/23/08      | 11,000,000.00   | 11,000,000.00              | 3.170% |
| Commerce                  | 07/18/08      | 10,000,000.00   | 10,000,000.00              | 3.030% |
| TOTAL                     | _             | 29,000,000.00   | 29,000,000.00              |        |
| U. S. TREASURY NOTES & AC | GENCY NOTES   |   |                            |        |
| Commerce                  | 02/15/27      | 18,887.50   | 26,652.34                  | 7.074% |
| Commerce                  | 02/01/08      | 8,011,264.48  | 8,011,264.48               | 5.255% |
| Merrill Lynch             | 03/15/08      | 5,866,200.00  | 5,866,200.00               | 5.065% |
| UMB                       | 03/15/08      | 4,891,841.48  | 4,891,841.48               | 5.110% |
| Merrill Lynch             | 09/15/08      | 5,726,540.00  | 5,726,540.00               | 4.759% |
| Commerce                  | 10/15/08      | 6,007,946.40  | 6,007,946.40               | 4.486% |
| UMB                       | 12/26/08      | 7,998,400.00  | 7,998,400.00               | 4.020% |
| TOTAL                     | _             | 38,521,079.86   | 38,528,844.70              |        |
| GRAND TOTAL               | =             | 112,881,961.67  | 112,889,726.51             |        |

.

# CITY OF INDEPENDENCE, MISSOURI CASH FLOW ANALYSIS OF STAYWELL HEALTH CARE PLAN PLAN YEAR 2008

|                           | •            |              |              |              |              |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
|                           |              |              |              | PLAN YEAR    | AVG COST     |
| · _                       | Jan-08       | Feb-08       | Mar-08       | TOTALS       | PLAN YEAR    |
| NUMBER OF PARTICIPANTS    |              |              |              |              |              |
| MEDICAL PLAN:             |              |              |              |              |              |
| REGULAR RATES EMPLOYEE    | 199          |              |              | 199          | 199          |
| FAMILY                    | 520          |              |              | 520          | 520          |
| RETIREE RATES             |              |              |              |              |              |
| EMPLOYEE                  | 58           |              |              | 58           | 58           |
| FAMILY                    | 96           |              |              | 96           | 96           |
| MEDICARE RATE INDIVIDUAL  | 147          |              |              | 147          | 14           |
| FAMILY + 1                | 75           |              |              | 75           | 75           |
| FAMILY + 2                | 123          |              |              | . 123        | 12:          |
| OTHER                     |              |              |              | 0            | (            |
| MEDICAL PLAN PARTICIPANTS | 1,218        | 0            | 0            | 1,218        | 1,218        |
| CASH BALANCE FORWARD      | 6,315,043.57 | 6,444,023.92 | 6,444,023.92 |              |              |
| RECEIPTS:                 |              |              |              |              |              |
| PREMIUMS:                 |              |              |              |              |              |
| MEDICAL                   | 1,102,345.87 |              |              | 1,102,345.87 | 1,102,345.8  |
| INTEREST INCOME           | 10,668.91    |              |              | 10,668.91    | 10,668.9     |
| REINSURANCE REIMB .:      |              |              |              | 0.00         | 0.0          |
| AGGREGATE                 |              |              |              | 0.00         | 0.0          |
| SPECIFIC                  |              |              |              | 0.00         | 0.00         |
| SUBTOTAL                  | 0.00         | 0.00         | 0.00         | 0.00         | 0.0          |
| CLAIM REFUNDS:            | 9,647.65     |              |              | 9,647.65     | 9,647.6      |
| MEDICARE D                |              |              |              | 0.00         | 0.00         |
| TOTAL RECEIPTS            | 1,122,662.43 | 0.00         | 0.00         | 1,122,662.43 | 1,122,662.43 |
| DISBURSEMENTS:            |              |              |              |              |              |
| BENEFITS:                 |              |              |              |              |              |
| MEDICAL                   | 695,408.90   |              |              | 695,408.90   | 695,408.9    |
|                           | 11,969.91    |              |              | 11,969.91    | 11,969.9     |
| VISION                    |              |              |              |              |              |
| VISION<br>PREFERRED RX    | 223,703.92   |              |              | 223,703.92   | 223,703.92   |

.

### CITY OF INDEPENDENCE, MISSOURI CASH FLOW ANALYSIS OF STAYWELL HEALTH CARE PLAN PLAN YEAR 2008

|                             | Jan-08       | Feb-08       | Mar-08       | TOTALS     | PLAN YEAR  |
|-----------------------------|--------------|--------------|--------------|------------|------------|
| DISBURSEMENTS CONT .:       |              |              |              |            |            |
|                             |              |              |              |            |            |
| THIRD PARTY ADMINISTRATOR   | 12,731.60    |              |              | 12,731.60  | 12,731.60  |
| UTILIZATION REVIEW          | 3,133.22     |              |              | 3,133.22   | 3,133.22   |
| SUBTOTAL                    | 15,864.82    | 0.00         | 0.00         | 15,864.82  | 15,864.82  |
| REINSURANCE PREMIUM:        |              |              |              |            |            |
| AGGREGATE                   | 39,095.85    |              |              | 39,095.85  | 39,095.85  |
| SPECIFIC                    | 2,414.15     |              |              | 2,414.15   | 2,414.15   |
| SUBTOTAL                    | 41,510.00    | 0.00         | 0.00         | 41,510.00  | 41,510.00  |
| PPO                         |              |              |              |            |            |
| NETWORK                     | 4,225,20     |              |              | 4,225.20   | 4,225.20   |
| NON NETWORK DISCOUNT        |              |              |              | 0.00       | • 0.00     |
| SUBTOTAL                    | 4,225.20     | 0.00         | 0.00         | 4,225.20   | 4,225.20   |
| OTHER:                      |              |              |              |            |            |
| BANK SERV CHARGES           | 438.73       |              |              | 438.73     | 438.73     |
| RECORDS                     | 81.10        |              |              | 81.10      | 81.10      |
| MISCELLANEOUS               | 479.50       |              |              | 479.50     | 479.50     |
| CONSULTING                  |              |              |              | 0.00       | 0.00       |
| SUBTOTAL                    | 999.33       | 0.00         | 0.00         | 999.33     | 999.33     |
| TOTAL DISB.                 | 993,682.08   | 0.00         | 0.00         | 993,682.08 | 993,682.08 |
| ENDING CASH BALANCE         | 6,444,023.92 | 6,444,023.92 | 6,444,023.92 |            |            |
| ACCRUED REINSURANCE PROCEED | 0.00         | 0.00         | 0.00         |            |            |
| ACCRUED ACCOUNTS PAYABLE    | 1,215,829.00 | 1,215,829.00 | 1,215,829.00 |            |            |
| ENDING RESERVE BALANCE      | 5,228,194.92 | 5,228,194.92 | 5,228,194.92 |            |            |

#### CITY OF INDEPENDENCE, MISSOURI CASH FLOW ANALYSIS OF STAYWELL HEALTH CARE PLAN JANUARY 2008

.

|              | CURRENT      | MONTH        |          |                                 |              | PLAN YEAR    | TO DATE      |          |
|--------------|--------------|--------------|----------|---------------------------------|--------------|--------------|--------------|----------|
| THIS YEAR    | LAST YEAR    | CHANGE       | % CHANGE | DESCRIPTION                     | THIS YEAR    | LAST YEAR    | CHANGE       | % CHANGE |
|              |              | ,            |          | NUMBER OF PARTICIPANTS          |              |              |              |          |
|              |              |              |          | MEDICAL PLAN:                   |              |              |              |          |
|              |              |              |          | REGULAR RATES                   |              |              |              |          |
| 199          | 202          | (3)          | (1.49)   | EMPLOYEE                        | 199          | 202          | (3)          | (1,49)   |
| 520          | 527          | (7)          | (1.33)   | FAMILY                          | 520          | 527          | (7)          | (1.33)   |
|              | -            |              |          | RETIREE RATES                   |              |              |              |          |
| 58           | 55           | 3            | 5.45     | EMPLOYEE                        | 58           | 55           | 3            | 5.45     |
| 96           | 106          | (10)         | (9.43)   | FAMILY                          | 96           | 106          | (10)         | -        |
|              | -            |              |          | MEDICARE RATES                  |              |              |              |          |
| 147          | 131          | 16           | 12.21    | INDIVIDUAL                      | 147          | 131          | 16           | 12.21    |
| 75           | 56           | 19           | 33.93    | FAMILY + 1                      | 75           | 56           | 19           | 33.93    |
| 114          | 118          | (4)          | (3.39)   | FAMILY + 2                      | 114          | 118          | (4)          | -        |
| 9            | 8            | 1            | 12.50    | OTHER                           | 9            | <u> </u>     | 1            | 12.50    |
| 1,218        | 1,203        | 15           | 1.25     | TOTAL MEDICAL PLAN PARTICIPANTS | 1,218        | 1,203        | 15           | 1.25     |
| 6,315,043.57 | 4,009,959.19 | 2,305,084.38 | 57.48    | CASH BALANCE FORWARD            | 6,315,043.57 | 4,009,959.19 | 2,305,084.38 | 57.48    |
| 38           | -            |              |          | RECEIPTS:                       |              |              |              |          |
|              |              |              |          | PREMIUMS:                       |              |              |              |          |
| 1,102,345.87 | 1,093,641.73 | 8,704.14     | 0.80     | MEDICAL                         | 1,102,345.87 | 1,093,641.73 | 8,704.14     | 0.80     |
| 10,668.91    | 16,609.82    | (5,940.91)   | (35.77)  | INTEREST INCOME                 | 10,668.91    | 16,609.82    | (5,940.91)   | (35.77)  |
| -            | -            |              |          | REINSURANCE REIMBURSEMENT       | -            | •            |              |          |
| -            | -            | -            | -        | AGGREGATE                       | -            | -            | -            | -        |
| -            | -            |              |          | SPECIFIC                        |              | -            |              |          |
| 1,113,014.78 | 1,110,251.55 | 2,763.23     | 0.25     | SUBTOTAL                        | 1,113,014.78 | 1,110,251.55 | 2,763.23     | 0.25     |
| 9,647.65     | 1,427.56     | 8,220.09     | 575.81   | CLAIM REFUNDS                   | 9,647.65     | 1,427.56     | 8,220.09     | 575.81   |
| -            | -            | .,           |          | MEDICARE D                      | -            | -            | -            |          |
| 1,122,662.43 | 1,111,679.11 | 10,983.32    | 0.99     | TOTAL RECEIPTS                  | 1,122,662.43 | 1,111,679.11 | 10,983.32    | 0.99     |
|              |              |              |          | DISBURSEMENTS:                  |              |              |              |          |
|              |              |              |          | BENEFITS:                       |              |              |              |          |
| 695,408.90   | 821,352.36   | (125,943.46) | (15.33)  | MEDICAL                         | 695,408.90   | 821,352.36   | (125,943.46) | (15.33)  |
| -            | -            | •            | -        | CHECKS WRITTEN OFF              | -            | -            | -            | -        |
| 11,969.91    | 12,164.23    | (194.32)     | (1.60)   | VISION                          | 11,969.91    | 12,164.23    | (194.32)     | (1.60)   |
| 223,703.92   | 326,955.39   | (103,251.47) | (31.58)  | PREFERRED RX                    | 223,703.92   | 326,955.39   | (103,251.47) | (31.58)  |
| -            | -            | -            | -        | REVERSE JANUARY ADJUSTMENT      | -            | -            | -            | -        |
| -            | <u> </u>     | - <u>-</u>   |          | VOIDS AND STOP PAYMENTS         | -            | w            | -            | -        |
| 931,082.73   | 1,160,471.98 | (229,389.25) | (19.77)  | SUBTOTAL                        | 931,082.73   | 1,160,471.98 | (229,389.25) | (19.77)  |

# CITY OF INDEPENDENCE, MISSOURI CASH FLOW ANALYSIS OF STAYWELL HEALTH CARE PLAN JANUARY 2008

|   |              | CURRENT      | MONTH        |          |  |              | PLAN YEAR TO | DATE         | %        |
|---|--------------|--------------|--------------|----------|--|--------------|--------------|--------------|----------|
|   | THIS YEAR    | LAST YEAR    | CHANGE       | % CHANGE | DESCRIPTION                            | THIS YEAR    | LAST YEAR    | CHANGE       | CHANGE   |
|   |              |              |              |          | DISBURSEMENTS CONT'D<br>ADMINISTRATION |              |              |              |          |
|   | 12,731.60    | 12,120.40    | 611.20       | 5.04     | THIRD PARTY ADMINISTRATOR              | 12,731.60    | 12,120,40    | 611.20       | 5.04     |
|   | 3,133.22     | 3,002.35     | 130.87       | 4.36     | UTILIZATION REVIEW                     | 3,133.22     | 3,002.35     | 130.87       | 4.36     |
|   | 15,864.82    | 15,122.75    | 742.07       | 4.91     | SUBTOTAL                               | 15,864.82    | 15,122.75    | 742.07       | 4.91     |
|   |              |              |              |          | REINSURANCE PREMIUM                    |              |              |              |          |
|   | 39,095.85    | 28,327.29    | 10,768.56    | 38.01    | AGGREGATE                              | 39,095.85    | 28,327.29    | 10,768.56    | 38.01    |
|   | 2,414.15     | 3,158.80     | (744.65)     | (23.57)  | SPECIFIC                               | 2,414.15     | 3,158.80     | (744.65)     | (23.57)  |
|   | 41,510.00    | 31,486.09    | 10,023.91    | 31.84    | SUBTOTAL                               | 41,510.00    | 31,486.09    | 10,023.91    | 31.84    |
|   |              |              |              |          | PPO                                    |              | -            |              |          |
|   | 4,225.20     | 3,950.80     | 274.40       | 6.95     | NETWORK                                | 4,225.20     | 3,950.80     | 274.40       | 6.95     |
|   |              | <u> </u>     | <u> </u>     | -        | NON NETWORK DISCOUT                    | <u> </u>     | -            |              | -        |
|   | 4,225.20     | 3,950.80     | 274.40       | 6.95     | SUBTOTAL                               | 4,225.20     | 3,950.80     | 274.40       | 6.95     |
| 5 |              |              |              |          | OTHER:                                 |              |              |              |          |
|   | 438.73       | 471.21       | (32.48)      | (6.89)   | BANK SERV CHARGES                      | 438.73       | 471.21       | (32.48)      | (6.89)   |
|   | 0.00         | 0.00         | -            | -        | PRIOR PERIOD SERVICE CHARGES           | 0.00         | 0.00         | -            | -        |
|   | 81.10        | 0.00         | 81.10        | 100.00   | RECORDS                                | 81.10        | 0.00         | 81.10        | 100.00   |
|   | 0.00         | 0.00         | -            | -        | CONSULTING                             | 0.00         | 0.00         | -            | -        |
|   | 479.50       | 0.00         | 479.50       | 100.00   | MISCELLANEOUS                          | 479.50       | 0.00         | 479.50       | 100.00   |
|   |              | 0.00         | -            | -        | BANK ERROR                             |              | <u> </u>     |              |          |
|   | 999.33       | 471.21       | 528.12       | 112.08   | SUBTOTAL                               | 999.33       | 471.21       | 528.12       | 112.08   |
|   | 993,682.08   | 1,211,502.83 | (217,820.75) | (17.98)  | TOTAL DISBURSEMENTS                    | 993,682.08   | 1,211,502.83 | (217,820.75) | (17.98)  |
|   | 128,980.35   | (99,823.72)  | 228,804.07   | (229.21) | NET INCOME/LOSS                        | 128,980.35   | (99,823.72)  | 228,804.07   | (229.21) |
|   | 6,444,023.92 | 3,910,135.47 | 2,533,888.45 | 64.80    | ENDING CASH BALANCE                    | 6,444,023.92 | 3,910,135.47 | 2,533,888.45 | 64.80    |
|   |              | -            | -            | -        | ACCRUED REINSURANCE PROCEEDS           | -            | -            |              | -        |
|   | 1,215,829.00 | 1,119,765.00 | 96,064.00    | 8.58     | ACCRUED ACCOUNTS PAYABLE MEDICAL       | 1,215,829.00 | 1,119,765.00 | 96,064.00    | 8.58     |
|   | 5,228,194.92 | 2,790,370.47 | 2,437,824.45 | 87.37    | ENDING RESERVE BALANCE                 | 5,228,194.92 | 2,790,370.47 | 2,437,824.45 | 87.37    |
|   |              |              |              |          |  |              |              |              |          |

# **APPENDIX C**

# DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

#### **APPENDIX C**

# DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Indenture, the Financing Agreement, the Authorizing Ordinance, the Continuing Disclosure Agreement and this Official Statement unless the context clearly otherwise requires. Reference is hereby made to the Indenture for complete definitions of all terms.

"Additional Bonds" means any additional parity bonds issued by the Board pursuant to the Indenture that stand on a parity and equality under the Indenture with the Bonds.

"Authorizing Ordinance" means the Ordinance of the City authorizing the execution of the Financing Agreement and certain other documents relating to the Series 2008D Bonds.

"Bond" or "Bonds" means the Series 2008D Bonds and any Additional Bonds issued pursuant to the Indenture.

"Business Day" means a day on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

"CID" means the Independence Events Center Community Improvement District, a political subdivision of the State.

"CID Act" means the Missouri Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended.

"CID EATS" means 50% of the revenues of the CID Sales Tax which are captured as Economic Activity Tax Revenues in the Redevelopment Areas.

"CID Sales Tax" means a sales tax levied by the CID in an amount not to exceed 1% under the provisions of the CID Act.

**"CID Sales Tax Revenues"** means of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the City for administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement executed by the City, as from time to time amended in accordance with the provisions thereof.

"Costs of the Project" means costs permitted under the Act and the CID Act to be paid out of proceeds of the Bonds with respect to the Project, including the total of all reasonable or necessary expenses incidental to the acquisition, construction, renovation and equipping of the Project, all other necessary and

incidental expenses, including interest during construction on Bonds issued to finance the Project to a date subsequent to the estimated date of completion thereof, and any other costs permitted by the Act and the CID Act.

"Debt Service Reserve Fund Requirement" means (i) with respect to the Series 2008D Bonds, an amount equal to \$883,475, (ii) with respect to Additional Bonds issued on a parity with the Bonds, a sum equal to the least of (A) 10% of the original aggregate principal amount of such Additional Bonds, (B) the maximum annual debt service on such Additional Bonds in any future fiscal year following such date, or (C) 125% of the average future annual debt service on such Additional Bonds, and (iii) with respect to any Additional Bonds that are entitled to the benefit of a separate reserve fund, the amount, if any, specified in the Supplemental Bond Indenture authorizing the issuance of said Additional Bonds.

"Defeasance Obligations" means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or

"Economic Activity Tax Revenues" means fifty percent (50%) of the total additional revenue from sales taxes which are imposed by the City or other taxing districts, and which are generated by economic activities within the applicable Redevelopment Area over the amount of such taxes generated by economic activities within the applicable Redevelopment Area in the calendar year prior to the adoption of the first TIF Ordinance for the applicable Redevelopment Project, while tax increment financing remains in effect, but excluding (i) taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and (ii) personal property taxes, other than Payments in Lieu of Taxes, all as determined in accordance with the Act.

**"Event of Nonappropriation"** means failure of the City to budget and appropriate on or before the last day of any Fiscal Year, moneys sufficient to pay the Loan Payments and reasonably expected Additional Payments due and payable during the next Fiscal Year.

"Financing Agreement" means the Financing Agreement dated as of April 1, 2008, as supplemented and amended.

"Government Obligations" means the following:

- (a) 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 by, the United States of America; and
- (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"Indenture" means the Bond Trust Indenture dated as of April 1, 2008, as supplemented and amended from time to time.

"Opinion of Bond Counsel" means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Board and the Trustee who shall be nationally recognized as expert in matters

pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

"Opinion of Counsel" means a written opinion in the form described in the Indenture of any legal counsel acceptable to the City and the Trustee and, to the extent the Board is asked to take action in reliance thereon, the Board, who may be an employee of or counsel to the Trustee or the City.

"Outstanding" means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

- (1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (2) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (4) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

"Paying Agent" means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

"Payments in Lieu of Taxes" means, when collected by the City, the payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the applicable Redevelopment Area over and above the certified total initial equalized assessed value of each such unit of property in the applicable Redevelopment Area on the date of the adoption of the first TIF Ordinance with respect to such Redevelopment Area, all as determined in accordance with the Act.

"Permitted Investments" means, if and to the extent the same are at the time legal for investment of funds held under the Indenture:

(1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below);

(2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of Treasury of the United States of America;

(3) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export Import Bank,
- Farm Credit System Financial Assistance Corporation,
- Rural Economic Community Development Administration (formerly the Farmers Home Administration),
- General Services Administration,
- U.S. Maritime Administration,
- Small Business Administration,
- Government National Mortgage Association (GNMA),
- U.S. Department of Housing & Urban Development (PHA's),
- Federal Housing Administration, and
- Federal Financing Bank;

(4) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's and "AAA" by Standard & Poor's issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
- Obligations of the Resolution Funding Corporation (REFCORP), and
- Senior debt obligations of the Federal Home Loan Bank System.;

(5) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(6) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(7) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(8) Pre-refunded Municipal Obligations, defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; provided, however, that Prerefunded Municipal Obligations meeting the requirements of this subsection (B) may not be used as Permitted Investments without the prior written approval of Standard & Poor's.

(9) general obligations of states with a rating of at least "A2/A" or higher by both Moody's and Standard & Poor's; and

(10) investment agreements (supported by appropriate opinions of counsel) with notice to Standard & Poor's.

The value ("Value"), which shall be determined as of the end of each month, of the above investments shall be calculated as follows: (a) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (b) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (d) as to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

"Prime Rate" means, for any date of determination, the interest rate per annum publicly announced from time to time by the Trustee as its "prime rate."

"Project" means the Events Center as described in the body of this Official Statement.

"Redevelopment Area" means, as applicable, the Eastland Redevelopment Area, the Hartman Heritage Redevelopment Area, the Trinity Redevelopment Area and the Centerpoint Redevelopment Area, with the governing body of the City having adopted tax increment financing for each.

"Redevelopment Project" means, as applicable, the improvements to be completed and funded as part of the Eastland Redevelopment Project, the Hartman Heritage Redevelopment Project, the Trinity Redevelopment Project and the Centerpoint Redevelopment Project.

"Special Allocation Funds" means the Eastland Special Allocation Fund, the Hartman Heritage Special Allocation Fund, the Trinity Special Allocation Fund and the Centerpoint Special Allocation Fund.

"Standard & Poor's" means Standard & Poor's Ratings Services, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Board and the Trustee.

"State" means the State of Missouri.

"Transaction Documents" means the Indenture, the Bonds, the Financing Agreement, the Official Statement relating to the Bonds, the Continuing Disclosure Agreement, the Tax Compliance Agreement, the Authorizing Ordinance and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, the Financing Agreement or the Official Statement or contemplated by the Indenture, the Financing Agreement or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words "Transaction Documents" are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those

Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

"Unassigned Board's Rights" means the Board's rights to reimbursement and payment of its costs and expenses under the Financing Agreement, as more fully defined in the Indenture.

## SUMMARY OF THE BOND TRUST INDENTURE

The following is a summary of certain provisions contained in the Indenture. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Indenture for a complete recital of the terms thereof.

#### **Trust Estate**

The Trust Estate created by the Indenture in favor of the Trustee for the benefit and security of the owners of the Bonds consists of:

- (a) All rights, title and interest of the Board (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (1) the Financing Agreement, including, without limitation, all Loan Payments and other payments to be received by the Board and paid by the City under and pursuant to and subject to the provisions of the Financing Agreement (except the Board's rights to payment of its fees and expenses and to indemnification as set forth in the Financing Agreement and as otherwise expressly set forth therein), and (2) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds; and
- (b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of the Indenture; and
- (c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Board or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of the Indenture of one Bond over or from the others, except as otherwise expressly provided in the Indenture.

#### **Authorization of Additional Bonds**

Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in the Indenture) with the Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture and in the Financing Agreement, for any purpose authorized under the Act.

Before any Additional Bonds are issued under the provisions of this caption, the Board shall adopt a resolution (1) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (2) authorizing the

Board to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, (3) authorizing the Board to enter into a Supplemental Financing Agreement with the City to provide for payments at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement, and (4) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Board, are not prejudicial to the Board or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices, all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption.

Such Additional Bonds shall be executed in the manner set forth in the Indenture and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

(a) A copy, certified by the Secretary or Assistant Secretary of the Board, of the resolution adopted by the Board authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture, Supplemental Financing Agreement and supplements to any other Transaction Documents as may be necessary.

(b) A copy, certified by the City Clerk of the ordinances and/or resolutions adopted by the City authorizing the execution and delivery of the Supplemental Financing Agreement and supplements to any other Transaction Documents.

(c) An original executed counterpart of the Supplemental Indenture, executed by the Board and the Trustee, authorizing the issuance of the Additional Bonds being issued to make the loan, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such loan and the Supplemental Financing Agreement.

(d) An original executed counterpart of the Supplemental Financing Agreement, executed by the City and the Board, specifying, among other things, the principal amount, rate of interest, maturity, terms of optional prepayment.

(e) An Officer's Certificate (1) stating that no event of default under the Financing Agreement has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Bonds are being issued and accompanied by the certificates, reports or opinions demonstrating compliance with the applicable tests set forth in the Financing Agreement.

(f) A request and authorization to the Trustee, on behalf of the Board, executed by a City Representative, to authenticate the Additional Bonds and deliver said Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Board, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(g) If such Additional Bonds are to be insured or guaranteed by a bond insurer or other credit enhancer, an insurance policy or other credit enhancement in each case in form or substance satisfactory to the Board, the City and the Trustee.

(h) Deposit of an amount equal to the Debt Service Reserve Fund Requirement, if any, for such Additional Bonds.

(i) An Opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met and the issuance of such Additional Bonds will not result in the interest on any Bonds then Outstanding becoming subject to federal income taxes then in effect.

(j) Such other certificates, statements, receipts and documents required by any of the Transaction Documents or as the Board, the City or the Trustee shall reasonably require for the delivery of the Additional Bonds.

Except as provided in the this Indenture and in the Financing Agreement, the Board will not otherwise issue any obligations on a parity with the Bonds, but the Board may issue other obligations specifically subordinate and junior to the Bonds.

#### **Creation of Funds and Accounts**

The Indenture creates and establishes in the custody of the Trustee the following special trust funds in the name of the Board to be designated as follows:

(a) "Missouri Development Finance Board-City of Independence, Missouri - Events Center Infrastructure Facilities Project Fund" (the "Project Fund"), and within such fund separate accounts for each Series of Bonds.

(b) "Missouri Development Finance Board-City of Independence, Missouri – Events Center Infrastructure Facilities Costs of Issuance Fund" (the "Costs of Issuance Fund"), and within such fund separate accounts for each Series of Bonds.

(c) "Missouri Development Finance Board-City of Independence, Missouri – Events Center Infrastructure Facilities Debt Service Fund" (the "Debt Service Fund") and within such fund separate accounts for each Series of Bonds and, as applicable, separate capitalized interest subaccounts for each Series of Bonds.

(d) "Missouri Development Finance Board–City of Independence, Missouri – Events Center Infrastructure Facilities Debt Service Reserve Fund" (the "Debt Service Reserve Fund") and within such fund separate accounts for each Series of Bonds.

(f) "Missouri Development Finance Board-City of Independence, Missouri – Events Center Infrastructure Facilities Rebate Fund" (the "Rebate Fund") and within such fund separate accounts for each Series of Bonds.

### **Project Fund**

Moneys in the Project Fund shall be used solely for the purpose of paying the Costs of the Project as provided in the Indenture, in accordance with the plans and specifications therefor, including any alterations in or amendments to said plans and specifications deemed advisable by the City and approved in accordance with the Financing Agreement.

If an event of default specified in the Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to the Indenture, any balance remaining in the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to the Indenture, shall without further authorization be deposited in the Debt Service Fund by the Trustee with advice to the City and to the Board of such action.

#### **Debt Service Fund**

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided in the Indenture, moneys in the Debt Service Fund shall be expended solely as follows: (a) to pay interest on the Bonds as the same becomes due; (b) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (c) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee, upon the written instructions from the Board given pursuant to written direction of the City, shall use excess moneys in the Debt Service Fund to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the City, in accordance with the provisions of the Indenture, so long as the City is not in default with respect to any payments under the Financing Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The City may cause such excess money in the Debt Service Fund or such part thereof or other moneys of the City, as the City may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Board, and any other amounts required to be paid under the Indenture and the Financing Agreement, all amounts remaining in the Debt Service Fund shall be paid to the City upon the expiration or sooner termination of the Financing Agreement.

#### **Debt Service Reserve Fund**

Moneys in the Debt Service Reserve Fund shall be disbursed and expended by the Trustee, without any further authorization from the City, solely for the payment of the principal of and interest on the Bonds to the extent of any deficiency in the Debt Service Fund for such purposes. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund for such purpose whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Fund Requirement. If the Trustee disburses or expends moneys from the Debt Service Reserve Fund for the purposes stated in this paragraph, the Trustee shall immediately notify the City of the amount necessary to restore the balance in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement, and the Trustee shall direct the City to restore the deficiency in 12 equal monthly payments beginning not later than the first day of the next calendar month.

#### **Rebate Fund**

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and neither the City, the Board nor the owner of any Bonds shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement.

#### **Investment of Moneys**

Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the City Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. In the absence of direction of the City Representative, the Trustee may invest and reinvest moneys in an investment described in paragraph (7) of the definition of the term "Permitted Investments." The Trustee may make any investments permitted by the provisions of the Indenture through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amount required to be deposited in the Rebate Fund) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account; provided, however, that all interest accruing on the Project Fund shall be automatically deposited into the Debt Service Fund. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

In determining the balance in any Fund, investments in such Fund shall be valued at the lower of their original cost or their fair market value as of the most recent interest payment date. Investments in the Funds under this Indenture shall be valued semiannually on the dates specified in the Indenture. The Trustee shall promptly deliver a copies of such valuations to the City, which may be in the form of the Trustee's standard account statements.

### **Events of Default**

The term "event of default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable; or
- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of the Board in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in the Indenture), and continuance of such default or breach for a period of 60 days after there has been given to the Board, the City by the Trustee or to the Board, the City and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall

not constitute an event of default if the Board shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(d) any event of default under the Financing Agreement shall occur and is continuing and has not been waived.

With regard to any alleged default concerning which notice is given to the City under the provisions of the Indenture, the Board grants the City full authority for the account of the Board to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Board, with full power to do any and all things and acts to the same extent that the Board could do and perform any such things and acts in order to remedy such default.

#### Acceleration of Maturity; Rescission and Annulment

If an event of default occurs and is continuing, the Trustee may, and shall, if requested by the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the Board and the City, declare the principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Board, the City and the Trustee, rescind and annul such declaration and its consequences if:

- (a) the Board has deposited with the Trustee a sum sufficient to pay
  - (1) all overdue installments of interest on all Bonds,

(2) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds,

(3) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds, and

(4) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and

(b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

#### Exercise of Remedies by the Trustee

Upon the occurrence and continuance of any event of default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) Right to Bring Suit, Etc. The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Board as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) Exercise of Remedies at Direction of Bondowners. If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.
- (c) Appointment of Receiver. Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.
- (d) Suits to Protect the Trust Estate. The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Board, the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.
- (e) Enforcement Without Possession of Bonds. All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.
- (f) Restoration of Positions. If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Board, the City, the Trustee and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

#### Limitation on Suits by Bondowners

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless:

- (a) such owner has previously given written notice to the Trustee of a continuing event of default;
- (b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;
- (c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds.

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Outstanding Bonds.

#### **Control of Proceedings by Bondowners**

The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

- (a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and
- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that
  - (1) such direction shall not be in conflict with any rule of law or the Indenture,
  - (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and
  - (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

#### **Application of Moneys Collected**

Any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- (a) **First:** To the payment of all unpaid amounts due the Trustee under the Indenture;
- (b) Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and
- (c) **Third:** To the payment of the remainder, if any, to the Board or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are so applied by the Trustee, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

#### **Resignation and Removal of Trustee**

The Trustee may resign at any time by giving written notice thereof to the Board, the City and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Board or the City (so long as the City is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in the preceding paragraph.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Board and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Financing Agreement, by the City. The Board,

the City or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

#### Appointment of Successor Trustee

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Board, with the written consent of the City (which consent shall not be unreasonably withheld) or the owners of a majority in principal amount of Bonds Outstanding (if an event of default under the Indenture or under the Financing Agreement has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Board and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Board or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner provided in the Indenture, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner provided in the Indenture, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of the Indenture shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

#### Supplemental Indentures without Consent of Bondowners

Without the consent of the owners of any Bonds, the Board and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; or
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, additional conditions, limitations and restrictions thereafter to be observed; or
- (c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in the Indenture; or
- (d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture; or
- (e) to add to the covenants of the Board or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power conferred upon the Board under the Indenture; or

- (f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds; or
- (g) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

#### Supplemental Indentures with Consent of Bondowners

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Board and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby,

- (a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or
- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Financing Agreement and their consequences; or
- (c) modify the obligation of the Board to make payment on or provide funds for the payment of any Bond; or
- (d) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or
- (e) modify any of the provisions of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or
- (f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject to the Indenture or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

#### Payment, Discharge and Defeasance of Bonds

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Board shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other Paying Agent moneys and Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to suboaragraph (c) above, subject to receipt by the Trustee of (1) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee and the Board, and (2) an Opinion of Bond Counsel addressed and delivered to the Trustee in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture and to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture.

#### Satisfaction and Discharge of Indenture

The Indenture and the lien, rights and interests created by the Indenture shall cease, determine and become null and void (except as to any surviving rights) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;
- (b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;
- (c) the Trustee receives an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and

- (d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in the Indenture to the satisfaction and discharge of the Indenture have been complied with.
- (e) if such Bonds are to be redeemed or final payment is to occur on a date which is more than 90 days from the date of the deposit under the Indenture, the Board and the City shall have received (1) the report of a verification agent acceptable to and addressed to each of them, confirming the mathematical accuracy of the calculations used to determine the sufficiency of the moneys or Defeasance Obligations; and (2) the escrow deposit agreement

Thereupon, the Trustee shall execute and deliver to the Board a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Board and shall pay, assign, transfer and deliver to the Board, or other persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.

#### SUMMARY OF THE FINANCING AGREEMENT

The following is a summary of certain provisions contained in the Financing Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Financing Agreement for a complete recital of the terms thereof.

#### Use of Proceeds

The proceeds of the Bonds loaned to the City shall be deposited with the Trustee and shall be administered, disbursed and applied for the purposes and in the manner as provided in the Indenture and in the Financing Agreement.

#### Loan Payments

Subject to the limitations in the Financing Agreement, the City shall pay the following amounts to the Trustee, all as "Loan Payments" under the Financing Agreement:

- (a) Debt Service Fund -- Interest: On or before 10:00 a.m. on or before the Business Day preceding each April I and October 1, commencing October 1, 2008, an amount which is not less than the interest to become due on the next interest payment date on the Bonds; provided, however that the City may be entitled to certain credits on such payments as permitted under the Financing Agreement.
- (b) Debt Service Fund -- Principal: On or before 10:00 a.m. on or before the Business Day preceding each April and October 1 commencing October 1, 2009, an amount which is not less than the next installment of principal due on the Bonds on the next principal payment date by maturity or mandatory sinking fund redemption; provided, however, that the City may be entitled to certain credits on such payments as permitted under the Financing Agreement.

Notwithstanding any schedule of payments upon the Loan set forth in the Financing Agreement or the Indenture, the City shall make payments upon the Loan and shall be liable therefor at the times and in the amounts (including interest, principal, and redemption premium, if any) equal to the amounts to be paid as interest, principal and redemption premium, if any, whether at maturity or by optional or mandatory redemption upon all Bonds from time to time Outstanding under the Indenture.

#### **Additional Payments**

Subject to annual appropriation, the City shall pay the following amounts to the following persons, all as "Additional Payments" under the Financing Agreement:

(a) to the Trustee, when due, all reasonable fees, charges for its services rendered under the Indenture, the Financing Agreement and any other Transaction Documents, and all reasonable expenses (including without limitation reasonable fees and charges of any Paying Agent, bond registrar, counsel, accountant, engineer or other person) incurred in the performance of the duties of the Trustee under the Indenture or the Financing Agreement for which the Trustee and other persons are entitled to repayment or reimbursement;

(b) to the Trustee, upon demand, an amount necessary to pay rebatable arbitrage in accordance with the Tax Compliance Agreement and the Indenture.

(c) to the Trustee, upon written demand of the Trustee the amount necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement.

(c) to the Board, its issuance fees and charges, if any, and all expenses (including without limitation attorney's fees) incurred by the Board in relation to the transactions contemplated by the Financing Agreement and the Indenture, which are not otherwise to be paid by the City under the Financing Agreement or the Indenture;

(d) to the appropriate person, such payments as are required (i) as payment for or reimbursement of any and all reasonable costs, expenses and liabilities incurred by the Board or the Trustee or any of them in satisfaction of any obligations of the City under the Financing Agreement that the City does not perform, or incurred in the defense of any action or proceeding with respect to the Project, the Financing Agreement or the Indenture, or (ii) as reimbursement for expenses paid, or as prepayment of expenses to be paid, by the Board or the Trustee and that are incurred as a result of a request by the City, or a requirement of the Financing Agreement;

(e) to the appropriate person, any other amounts required to be paid by the City under the Financing Agreement or the Indenture; and

(f) any past due Additional Payments shall continue as an obligation of the City until they are paid and shall bear interest at the Prime Rate plus 2% during the period such Additional Payments remain unpaid.

#### **Annual Appropriations**

The City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Financing Agreement, moneys sufficient to pay all the Loan Payments and reasonably estimated Additional Payments for the next succeeding Fiscal Year. The City shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the City's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments and Additional Payments shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments for the City's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments and Additional Payments have made the appropriation necessary to pay the Loan Payments and Additional Payments and Additional Payments and Additional Payments have made the appropriation necessary to pay the Loan Payments and Additional Payments and Additional Payments have made the appropriation necessary to pay the Loan Payments and Additional Payments have made the appropriation necessary to pay the Loan

reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15<sup>th</sup> day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

#### Annual Budget Request

The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each Fiscal Year in which the Financing Agreement shall be in effect, an appropriation for all payments required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under the Financing Agreement shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate funds to make Loan Payments and Additional Payments, to pay the Loan Payments and Additional Payments under the Financing Agreement. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments and Additional Payments may be made, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance is directed to do all things lawfully within such person's power to obtain and maintain funds from which the Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

#### Loan Payments to Constitute Current Expenses of the City

The Board and the City acknowledge and agree that the Loan Payments and Additional Payments shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained in the Financing Agreement constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments under the Financing Agreement shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Financing Agreement nor the issuance of the Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year Loan Payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing in the Financing Agreement shall be construed to limit the rights of the owners of the Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. Failure of the City to budget and appropriate said moneys on or before the last day of any Fiscal Year shall be deemed an Event of Nonappropriation.

#### Security for the Loan

Except as provided in the following paragraph, the City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, subject to annual appropriation by the City as described above, all general fund revenues of the City and from the CID Sales Tax

Revenues as provided in the Authorizing Ordinance. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The City's obligation to pay the Loan Payments and Additional Payments shall not constitute general obligations of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

Notwithstanding the foregoing, CID Sales Tax Revenues are not subject to annual appropriation by the City and are pledged by the City pursuant to the Authorizing Ordinance to secure the Loan Payments and Additional Payments.

The City's obligation to make payments pursuant to the Financing Agreement is also secured on a subordinate basis by, subject to annual appropriation by the City Council, the CID EATS deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to each Redevelopment Project. The pledge of the CID EATS to make Loan Payments on the Loan shall be junior and subordinate in all respects to the pledge of the CID EATS to make payments on loans incurred by the City either prior or subsequent to the date of the Financing Agreement to fund costs of the Redevelopment Projects other than the Project as provided in the Authorizing Ordinance.

The obligation of the City to use CID Sales Tax Revenues and the CID EATS for the purpose of making Loan Payments and Additional Payments shall be on a parity with use of such funds to make Loan Payments and Additional Payments under any Supplemental Financing Agreement related to the loan of proceeds of any Additional Bonds issued to fund Project Costs, to the extent provided in the ordinance authorizing each such loan and related Supplemental Financing Agreement, as provided in the Authorizing Ordinance.

#### **Additional Bonds**

The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Board, the City; (2) the Board, the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement; and (3) the Board, the City shall have otherwise complied with the provisions of the Financing Agreement and the Indenture with respect to the issuance of such Additional Bonds.

#### **Project Completion**

If the proceeds of the Series 2008D Bonds and any Additional Bonds shall be insufficient to complete the Project, the City shall pay, but only from legally available funds, the full amount of any such deficiency by making payments directly to the contractors and suppliers of materials and services as the same shall become due.

#### **Financial Statements**

The City shall furnish to the Board and the Trustee, as soon as practicable, but in no event more than 5 days after, an Event of Nonappropriation, written notice of such Event of Nonappropriation.

The City will at any and all times, upon the written request of the Trustee or the Board and at the expense of the City, permit the Trustee and the Board by their representatives to inspect the properties, books of account, records, reports and other papers of the City, and to take copies and extracts therefrom, and will

promptly afford and procure a reasonable opportunity to make any such inspection, and the City will furnish to the Trustee or the Board any and all information as the Trustee or the Board may reasonably request with respect to the performance by the City of its covenants in the Financing Agreement.

#### **Events of Default and Remedies**

The term "Event of Default" or "Default" shall mean any one or more of the following events:

- (a) Failure by the City to make timely payment of any Loan Payment.
- (b) Failure by the City to make any Additional Payment when due and, after notice of such failure, the City shall have failed to make such payment within 10 days following the due date.
- (c) Failure by the City to observe and perform any covenant, condition or agreement on the part of the City under the Financing Agreement or the Indenture, other than as referred to in the preceding subparagraphs (a) and (b) of this caption, for a period of 30 days after written notice of such default has been given to the City, by the Trustee or the Board during which time such default is neither cured by the City nor waived in writing by the Trustee and the Board, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee and the Board may consent in writing to an extension of such time prior to its expiration and the Trustee and the Board will not unreasonably withhold their consent to such an extension if corrective action is instituted by the City within the 30-day period and diligently pursued to completion and if such consent, in their judgment, does not materially adversely affect the interests of the bondowners.
- (d) Any representation or warranty by the City in the Financing Agreement or in any certificate or other instrument delivered under or pursuant to the Financing Agreement or the Indenture or in connection with the financing of the Project shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless waived in writing by the Board and the Trustee or cured by the City, if such representation or warranty can be cured to the satisfaction of the Board and the Trustee within 30 days after notice thereof has been given to the City.

#### **Remedies on Default**

Subject to the provisions of the Financing Agreement, whenever any Event of Default shall have occurred and be continuing, the Trustee, as the assignee of the Board, may take any one or more of the following remedial steps; provided that if the principal of all Bonds then Outstanding and the interest accrued thereon shall have been declared immediately due and payable pursuant to the provisions of the Indenture, all Loan Payments for the remainder of the Loan Term shall become immediately due and payable without any further act or action on the part of the Board or the Trustee and the Trustee may immediately proceed (subject to the provisions of the Financing Agreement) to take any one or more of the remedial steps set forth in subparagraph (b) of this caption:

- (a) By written notice to the City declare the outstanding principal of the Loan to be immediately due and payable, together with interest on overdue payments of principal and redemption premium, if any, and, to the extent permitted by law, interest, at the rate or rates of interest specified in the respective Bonds or the Indenture, without presentment, demand or protest, all of which are expressly waived.
- (b) Take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth in the Financing Agreement or in the

Indenture, as may appear necessary or desirable to collect the amounts payable pursuant to the Financing Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the City under the Financing Agreement or the Indenture.

In the enforcement of the remedies provided in the Financing Agreement, the Trustee may treat all fees, costs and expenses of enforcement, including reasonable legal, accounting and advertising fees and expenses, as Additional Payments then due and payable by the City.

Any amount collected pursuant to action taken under this caption shall be paid to the Trustee and applied, first, to the payment of any costs, expenses and fees incurred by the Board or the Trustee as a result of taking such action and, next, any balance shall be used to satisfy any Loan Payments then due by payment into the Debt Service Fund and applied in accordance with the Indenture and, then, to satisfy any other Additional Payments then due or to cure any other Event of Default.

Notwithstanding the foregoing, the Trustee shall not be obligated to take any step that in its opinion will or might cause it to expend time or money or otherwise incur liability, unless and until indemnity satisfactory to it has been furnished to the Trustee at no cost or expense to the Trustee, except as otherwise provided in the Indenture.

The provisions of this caption are subject to the limitation that the annulment of a declaration that the Bonds are immediately due and payable shall automatically constitute an annulment of any corresponding declaration made pursuant to subparagraph (a) of this caption and a waiver and rescission of the consequences of such declaration and of the Event of Default with respect to which such declaration has been made, provided that no such waiver or rescission shall extend to or affect any other or subsequent Default or impair any right consequent thereon. In the event any covenant, condition or agreement contained in the Financing Agreement shall be breached or any Event of Default shall have occurred and such breach or Event of Default shall thereafter be waived by the Trustee, such waiver shall be limited to such particular breach or Event of Default.

#### No Remedy Exclusive

Subject to the provisions of the Financing Agreement, no remedy conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon a Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

#### Agreement to Pay Attorneys' Fees and Expenses

Subject to the provisions of the Financing Agreement, in connection with any Event of Default by the City, if the Board or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable under the Financing Agreement or the enforcement of the performance or observance of any covenants or agreements on the part of the City contained in the Financing Agreement, the City agrees that it will, on demand therefor, pay to the Board and the Trustee the reasonable fees of such attorneys and such other reasonable fees, costs and expenses so incurred by the Board and the Trustee.

#### Board and City to Give Notice of Default

The Board and the City shall each, at the expense of the City, promptly give to the Trustee written notice of any Default of which the Board, the City, as the case may be, shall have actual knowledge or written notice, but the Board shall not be liable for failing to give such notice.

#### **Remedial Rights Assigned to the Trustee**

Upon the execution and delivery of the Indenture, the Board will thereby have assigned to the Trustee all rights and remedies conferred upon or reserved to the Board by the Financing Agreement, reserving only the Unassigned Board's Rights. Subject to the provisions of the Financing Agreement, the Trustee shall have the exclusive right to exercise such rights and remedies conferred upon or reserved to the Board by the Financing Agreement in the same manner and to the same extent, but under the limitations and conditions imposed by the Indenture and the Financing Agreement. The Trustee and the Bondowners shall be deemed third party creditor beneficiaries of all representations, warranties, covenants and agreements contained in the Financing Agreement.

#### Supplemental Financing Agreements without Consent of Bondowners

Without the consent of the owners of any Bonds, the Board, the City may from time to time enter into one or more Supplemental Financing Agreements, for any of the following purposes:

- (a) to subject to the Financing Agreement additional property or to more precisely identify any project financed or refinanced out of the proceeds of any series of Bonds, or to substitute or add additional property thereto; or
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of the Loan, as set forth in the Financing Agreement, additional conditions, limitations and restrictions thereafter to be observed; or
- (c) in connection with the issuance of any Additional Bonds, to make such other provisions as provided in the Financing Agreement; or
- (d) to evidence the succession of another entity to the City and the assumption by any such successor of the covenants of the City contained in the Financing Agreement; or
- (e) to add to the covenants of the City or to the rights, powers and remedies of the Trustee for the benefit of the owners of all or any series of Bonds or to surrender any right or power conferred upon the City; or
- (f) to cure any ambiguity, to correct or supplement any provision which may be inconsistent with any other provision or to make any other provisions, with respect to matters or questions arising under the Financing Agreement, which shall not be inconsistent with the provisions of the Financing Agreement, provided such action shall not adversely affect the interests of the owners of the Bonds.

#### Supplemental Financing Agreements with Consent of Bondowners

With the prior written consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Financing Agreement, the Board, the City may enter into Supplemental Financing Agreements, in form satisfactory to the Trustee, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Financing Agreement or of modifying in any manner the rights of the Trustee and the owners of the Bonds under the Financing Agreement; provided, however, that no such Supplemental Financing Agreement shall, without the consent of the owner of each Outstanding Bond affected thereby:

(a) change the stated maturity of the principal of, or any installment of interest on, the Loan, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which,

the Loan, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Financing Agreement, or the consent of whose owners is required for any waiver provided for in the Financing Agreement of compliance with certain provisions of the Financing Agreement or certain defaults under the Financing Agreement and their consequences; or
- (c) modify any of the provisions of this caption, except to increase any percentage provided thereby or to provide that certain other provisions of the Financing Agreement cannot be modified or waived without the consent of the owner of each Bond affected thereby.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Financing Agreement and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Financing Agreement. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds under this caption to approve the particular form of any proposed Supplemental Financing Agreement, but it shall be sufficient if such act shall approve the substance thereof.

# SUMMARY OF THE AUTHORIZING ORDINANCE

The following is a summary of certain provisions contained in the Authorizing Ordinance. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Authorizing Ordinance for a complete recital of the terms thereof.

#### Authorization for the Loan

The Authorizing Ordinance authorizes the City to borrow from the Board a sum equal the principal amount of the Series 2008D Bonds in order to permit the City to (1) pay the Costs of the Project, (2) provide for the funding of a reserve fund for repayment of the Loan, (3) pay a portion of the interest due on the Loan, and (4) pay the costs of incurring the Loan.

#### Limited Obligations

Except as otherwise provided in the Authorizing Ordinance with respect to the CID Sales Tax Revenues, the City's obligation to make payments under the Financing Agreement are subject to annual appropriation and do not constitute a debt, liability or indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction.

#### Security for the Loan

Except as provided in the following paragraph, the City's obligation to make payments pursuant to the Financing Agreement shall be subject to annual appropriation as provided in the Financing Agreement.

Notwithstanding the foregoing, CID Sales Tax Revenues are not subject to annual appropriation and are hereby pledged by the City pursuant to the Authorizing Ordinance to secure the payments required pursuant to the Financing Agreement.

As additional security for the City's obligation to payments pursuant to the Financing Agreement, such payments shall be payable from and secured as to the payment of principal and interest by, subject to annual appropriation by the City Council as provided in the Authorizing Ordinance, on a subordinate basis as provided it the Authorizing Ordinance, the CID EATS deposited in the Economic Activity Tax Accounts of the Special Allocation Funds relating to the Centerpoint Project, the Hartman Heritage Project and the Eastland Project, and on a priority basis as provided in the Authorizing Ordinance from the CID EATS deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to the Trinity Project. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The Loan shall not constitute a general obligation of the City, nor shall it constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

The moneys and securities held in, and moneys and securities to be deposited in, the Special Allocation Funds constituting CID EATS, and the CID Sales Tax Revenues are hereby pledged to the payment of the Loan; provided, however CID EATS deposited therein shall remain subject to annual appropriation as described in the Authorizing Ordinance. Such pledge is on a parity with the pledge of the City securing all other loans to be incurred by the City with respect to Project Costs, to the extent provided in the ordinance authorizing each such loan.

The City currently intends to appropriate in each year the CID EATS in the Special Allocation Funds relating to the Centerpoint Project, the Eastland Project, the Hartman Heritage Project and the Trinity Project to the repayment of the Loan. In preparing the City's annual budget the City Manager shall include or cause to be included in each budget submitted to the City Council such appropriation. Notwithstanding the foregoing, the decision of whether or not to appropriate is solely within the discretion of the City Council. In the event the City Council votes to not appropriate such CID EATS, the City shall immediately notify in writing the following persons of such event of nonappropriation: (i) the Board, (ii) Commerce Bank, N.A., as trustee for the Bonds, (iii) each nationally recognized municipal securities repository, and (iv) each nationally recognized rating agency which currently maintains a rating on any of the City's bonds or the Board's bonds issued for the benefit of the City.

In the event Bond Counsel delivers to the City an opinion to the effect that Missouri law no longer requires that the pledge of the Economic Activity Tax Revenues be subject to annual appropriation, the City agrees to amend the Authorizing Ordinance to delete such requirement with respect to the CID EATS.

#### **Application of CID Sales Tax Revenues**

Not later than the last Business Day preceeding each April 1 and October 1, commencing October 1, 2008, the City shall transfer to the Trustee from the CID Sales Tax Revenues, to the extent available, an aggregate amount equal to the Loan Payments due under the Financing Agreement and any other financing agreement relating to bonds issued to fund Project Costs that are secured on a parity with the Bonds; provided, however, in the event the amount to be so transferred is less than the amount required to make such Loan Payments, the City shall allocate such amounts on a pro rata basis based upon the principal amount of the outstanding Loan Payments.

Upon receipt by the City of written notice from the Trustee that the balance in any Debt Service Reserve Fund established under the Indenture related to the Bonds (the "Indenture") is less than the Debt Service Reserve Requirement (as defined in the Indenture) for the Bonds and any other bonds issued to fund Project Costs that are secured on a parity basis with the Bonds, the City shall transfer to the Trustee from the CID Sales Tax Revenues, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement provided, however, in the event the amount to be so transferred is less than the amount required to make such Additional Payments, the City shall allocate such amounts on a pro rata basis based upon the applicable Debt Service Reserve Requirement. All CID Sales Tax Revenues, after making the foregoing payments, shall be expended at the discretion of the City for any purposes allowed by the CID Act and the Cooperative Agreement.

#### SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The following is a summary of certain provisions contained in the Continuing Disclosure Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Continuing Disclosure Agreement for a complete recital of the terms thereof.

Pursuant to the Continuing Disclosure Agreement, the City will, not later than **180** days after the end of the City's fiscal year, provide to each Nationally Recognized Securities Information Repository and the State Repository, if any, the following: (A) the City's Comprehensive Annual Financial Report (the "Annual Report"), which includes the audited financial statements of the City for the prior fiscal year, and (B) the amount of CID Sales Tax Revenues and TIF Revenues received by the City. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement, and the audited financial statements will be filed in the same manner as the Annual Report promptly after they become available.

Pursuant to the Continuing Disclosure Agreement, the City also will give notice of the occurrence of any of the following events with respect to the Bonds, if material ("Material Events"):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds;
- (8) Bond calls;
- (9) Defeasance;
- (10) Release, substitution, or sale of property securing repayment of the securities; and
- (11) Rating changes.

If the City should fail to comply with any provision of the Continuing Disclosure Agreement, then any holder or Beneficial Owner of Bonds may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds similarly situated, by mandamus or other suit or proceeding at law or in equity, against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under the Continuing Disclosure Agreement; provided that the sole and exclusive remedy for breach of the Continuing Disclosure Agreement

shall be an action to compel specific performance of the obligations of the City under the Continuing Disclosure Agreement, and no person or entity shall be entitled to recover monetary damages under the Continuing Disclosure Agreement under any circumstances; and <u>provided</u>, <u>further</u>, that the rights of any holder or Beneficial Owner to challenge the adequacy of the information provided in accordance with the Continuing Disclosure Agreement are conditioned upon the provisions of the Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default as though such provisions applied under the Continuing Disclosure Agreement. Failure of the City to perform its obligations under the Continuing Disclosure Agreement shall not constitute an Event of Default under any agreement executed and delivered in connection with the issuance of the Bonds.

Without the consent of any of the holders or Beneficial Owners of the Bonds, the City, at any time and from time to time, may amend or make changes to the Continuing Disclosure Agreement for any purpose, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or any type of business or affairs it conducts;

(ii) the undertakings set forth in the Continuing Disclosure Agreement, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and

(iii) the amendment, in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

#### SUMMARY OF THE COOPERATIVE AGREEMENT

The following is a summary of certain provisions contained in the Cooperative Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Cooperative Agreement for a complete recital of the terms thereof.

Whenever used in the Cooperative Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

"Administration Fee" means that amount of the District Sales Tax Revenue that the City shall receive as compensation for performing the administrative duties of the District and administering and accounting for the District Sales Tax, as set forth in the Cooperative Agreement.

"Applicable Laws and Requirements" means any applicable constitution, treaty, statute, rule, regulation, ordinance, order, directive, code, interpretation, judgment, decree, injunction, writ, determination, award, permit, license, authorization, directive, requirement or decision of or agreement with or by any unit of government.

"Board" or "Board of Directors" means the governing body of the Independence Events Center Community Improvement District.

"Bond Documents" means any bonds, indentures or other financing agreements, disbursement agreements and all other agreements and certificates executed in connection with the issuance of any Obligations. "CID Act" means the Missouri Community Improvement District Act, Sections 67.1401, et seq., RSMo, as amended.

"City" means the City of Independence, Missouri, a political subdivision and constitutional home rule charter city.

"City Council" means the governing body of the City of Independence, Missouri.

**"Debt Service"** means an amount required for the payment of interest on, principal of and premium, if any, on Obligations as they come due, for the payment of mandatory or optional redemption payments, and for payments to reserve funds required by the terms of the Obligations to retire or secure the Obligations.

"District Sales Tax" means the sales tax levied by the District on the receipts from the sale at retail of all tangible personal property or taxable services at retail within its boundaries pursuant to the CID Act in the amount not to exceed one percent (1.0%), as established by resolution of the District and approved by the qualified voters of the District and in accordance with the plan set forth in Article 3 of the Cooperative Agreement.

"District Sales Tax Revenues" means the monies actually collected, pursuant to the Cooperative Agreement and the CID Act, from the imposition of the District Sales Tax.

"Event of Default" means any event specified in the Cooperative Agreement.

"Events Center" means a structure to be constructed by or at the direction of the City on the property described in the Cooperative Agreement, which shall serve as public facilities for an arena and event center space, as directed by and in accordance with contracts entered into by the City.

"Excusable Delays" means delays due to acts of terrorism, acts of war or civil insurrection, strikes, riots, floods, earthquakes, fires, tornadoes, casualties, acts of God, labor disputes, governmental restrictions or priorities, embargoes, national or regional material shortages, failure to obtain regulatory approval from any Federal or State regulatory body, unforeseen site conditions, material litigation by parties other than the Parties not caused by the Parties' failure to perform, or any other condition or circumstances beyond the reasonable or foreseeable control of the applicable party using reasonable diligence to overcome which prevents such party from performing its specific duties or obligation hereunder in a timely manner.

"Fiscal Year" means July 1 through June 30 of each year, which Fiscal Year coincides with the City's fiscal year.

**"Obligations"** means any bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by or at the direction of the City, the District or any other public entity at the direction of the City, which pay for the Public Improvements, in whole or in part, or to refund outstanding Obligations.

"Operating Costs" means the actual, reasonable expenses which are necessary for the operation of the District which shall include, but are not limited to, costs associated with notices, publications, meetings, supplies, equipment, photocopying, the engagement of special legal counsel, financial auditing services, and other consultants or services. Time expended by City employees, and materials and supplies used by the City, in the performance of the administrative services set forth in the Cooperative Agreement, for which the City receives the Administration Fee, shall not be included as Operating Costs. Costs incurred by the District or City to add property to the District, as allowed by the CID Act, shall be treated as Operating Costs. Costs incurred by the City regarding enforcement of the District Sales Tax in the performance of any actions authorized in the Cooperative Agreement shall also be treated as Operating Costs.

"Ordinance" means an ordinance enacted by the City Council.

"Petition" means the Petition to Establish the Independence Events Center Community Improvement District, filed with the City Clerk of Independence, Missouri, on November 30, 2007.

"Public Improvements" means those improvements described in the Cooperative Agreement, along with any other Public Improvements that may be approved by the District in accordance with the CID Act and the Cooperative Agreement.

"Public Improvement Costs" means all actual and reasonable costs and expenses which are incurred by or at the direction of the City with respect to construction of the Public Improvements, including the actual and reasonable cost of labor and materials payable to contractors, builders, suppliers, vendors and materialmen in connection with the construction contracts awarded in connection with the Public Improvements that are constructed or undertaken, plus all actual and reasonable costs to plan, finance, develop, design and acquire the Public Improvements, including but not limited to the following:

A. actual and reasonable costs of issuance and capitalized interest, if any, for any Obligations issued to finance the Public Improvements;

B. actual and reasonable fees and expenses of architects, appraisers, attorneys, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and items necessary to the commencement of construction, financing, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, attorneys, surveyors and engineers in relation to the construction of the Public Improvements and all actual and reasonable costs for the oversight of the completion of the Public Improvements including overhead expenses for administration, supervision and inspection incurred in connection with the Public Improvements; and

C. all other items of expense not elsewhere specified in this definition which may be necessary or incidental to the review, approval, acquisition, construction, improvement and financing of the Public Improvements and which may lawfully be paid or incurred by the District under the CID Act.

An estimate of the Public Improvement Costs is set forth in the Cooperative Agreement, but that estimate is not intended to limit in any way the Public Improvement Costs defined herein.

"**Trustee**" means the banking entity named by or at the direction of the City as bond trustee in connection with the issuance of any Obligations.

#### Imposition of the District Sales Tax

The District shall approve a resolution that, subject to qualified voter approval, imposes the District Sales Tax. The District shall annually appropriate all District Sales Tax Revenues by resolution in accordance with the Cooperative Agreement. The District Sales Tax shall be collected by the Missouri Department of Revenue as provided in the CID Act. The City shall receive the District Sales Tax Revenue from the Department of Revenue, which shall be disbursed in accordance with the Cooperative Agreement.

The District Sales Tax shall initially be imposed at a rate of one-half of one percent (0.5%) for a period of years to be specified by the City, which the Parties anticipate will be twenty (20) years. Thereafter, the District Sales Tax shall be increased to a rate to be directed by the City, which the Parties anticipate will be five-eighths percent (0.625%). Nothing in the Cooperative Agreement shall limit the ability of the District to impose the District Sales Tax at the maximum rate of one percent (1.0%) at any time, as directed by the City. The rate of the District Sales Tax to be set in accordance with this paragraph shall be an amount that provides for Debt Service of the Obligations, as directed by the City, and pays for the Administrative Fee, Operating Costs and other eligible CID costs and expenses.

#### **District Administration and Sales Tax Duties**

The Parties anticipate that the District Sales Tax will be collected by the Missouri Department of Revenue, as provided in the CID Act. The City agrees to perform for the District all functions incident to the administration and enforcement of the District Sales Tax, to the extent not performed by the state, pursuant to the CID Act and the Cooperative Agreement. The District shall enact a resolution that (i) imposes the District Sales Tax (subject to qualified voter approval), (ii) authorizes the City to perform all functions incident to the administration, enforcement and operation of the District Sales Tax, to the extent not performed by the state, and (iii) prescribes any required forms and administrative rules and regulations for reporting and collecting the District Sales Tax. The District shall also notify the Missouri Department of Revenue, in substantial compliance with the form set forth in the Cooperative Agreement, that the District authorizes the City, on behalf of the District Sales Tax Revenues shall be deposited by the City in a bank account separate from other bank accounts of the City and in accordance with the resolution adopted by the District. The District may amend the forms, administrative rules and regulations applicable to the administration, collection, enforcement and operation of the District Sales Tax, as needed.

#### **Administration Fee.**

The City shall receive an Administration Fee for administering and accounting for the District Sales Tax in the amount of two percent (2%) of the total District Sales Tax Revenues for performing the duties set forth in the Cooperative Agreement. The City shall also receive from the District a one-time payment of \$1,200 to reimburse the City for establishing the accounts and other administrative set-up costs and expenses. The City shall also be reimbursed by the District for any costs and expenses incurred in connection with any collection or enforcement issues associated with the District Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue.

The Administration Fee authorized in the Cooperative Agreement shall be calculated using the total District Sales Tax Revenues generated within the District, including those amounts that are captured as economic activity taxes pursuant to any tax increment financing plan.

In the event that the Administration Fee does not fully reimburse the City for actual costs and expenses incurred in fulfilling its obligations under the Cooperative Agreement, the City shall receive reimbursement for those actual costs that exceed the Administration Fee. In the event that there are insufficient funds in any Fiscal Year to cover the actual costs incurred by the City, any unpaid Administration Fee shall be paid in subsequent Fiscal Years.

The City may, at its own election, apply any Administration Fee it receives pursuant to the Cooperative Agreement to pay for reimbursable Public Improvement Costs or Operating Costs.

#### **Operating Costs**

The City, on behalf of the District, shall pay for the Operating Costs of the District from District Sales Tax Revenue. The Operating Costs shall be included in the District's annual budget, as provided in the Cooperative Agreement. In the course of performing the administrative duties set forth in the Cooperative Agreement or enforcement duties set forth in the Cooperative Agreement, the City may incur Operating Costs for the District which shall be approved by the District.

#### **Enforcement of the District Sales Tax**

The District authorizes the City, to the extent required or authorized by the Missouri Department of Revenue, to take all actions necessary for enforcement of the District Sales Tax. The City may, in its own name or in the name of the District, prosecute or defend an action, lawsuit or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure the payment of the District Sales Tax. The District hereby agrees to cooperate fully with the City and to take all action necessary

to effect the substitution of the City for the District in any such action, lawsuit or proceeding if the City shall so request. All actions taken by the City for enforcement and any legal proceeding filed by the City for enforcement and collection of the District Sales Tax shall be treated as Operating Costs of the District.

### **Distribution of the District Sales Tax Revenue**

Beginning in the first month following the effective date of the District Sales Tax and continuing each month thereafter until the expiration or repeal of the District Sales Tax, the City shall, not later than the fifteenth (15th) day of each month distribute the District Sales Tax Revenues received in the preceding month in the following order of priority:

- A. The City shall pay the Administration Fee.
- B. The City shall pay the Operating Costs of the District.
- C. The City shall make any Debt Service payments, to the extent required for outstanding Obligations.
- D. The City shall disburse all remaining District Sales Tax Revenue to pay for Public Improvement Costs actually incurred by the City, to the extent not paid from the proceeds of Obligations.

In the event that other funding sources are approved by the City and imposed by the District, revenue from such additional sources of funds shall be expended in the order of priority as set forth in the Cooperative Agreement, unless otherwise specifically approved by the City.

## Repeal of the District Sales Tax

Unless extended in accordance with this Section, the District shall implement the procedures in the CID Act for repeal of the District Sales Tax and abolishment of the District (1) when all Obligations have been retired, or (2) thirty five (35) years following approval of the District by ordinance, whichever occurs first. The District shall not implement the procedures for repeal or modification of the District Sales Tax and abolishment of the District shall not implement the procedures for repeal or modification of the District Sales Tax and abolishment of the District if: (1) any District Sales Tax Revenue is due to the City for outstanding Administration Fees; (2) the District, with the prior written consent of the City, has approved another project pursuant to the CID Act; or (3) the duration of the District has been extended by mutual agreement of the Parties in compliance with the CID Act. The City's obligation to perform for the District all functions incident to the administration, enforcement and operation of the District Sales Tax, the City shall:

A. Retain the City's Administration Fee to which it is entitled in accordance with the Cooperative Agreement.

B. Pay all outstanding Operating Costs.

C. Retain any remaining District Sales Tax until such time as the District is abolished and the District has provided for the transfer of any funds remaining in a manner permitted by the CID Act.

#### **Design and Construction of Public Improvements**

The Public Improvements shall be designed and constructed by or at the direction of the City, and the District shall not have an obligation to design and to construct the Public Improvements. The Public Improvements shall be designed and constructed on a schedule to be determined by the City, in accordance with applicable City-approved zoning and subdivision ordinances and associated plans and specifications.

#### **Financing the Public Improvements**

The District shall impose the District Sales Tax within the boundaries of the District to fund the Public Improvements and other costs authorized by the Cooperative Agreement. The District shall not use or impose any taxes other than a District Sales Tax or impose any other funding mechanisms unless the City Council, by Ordinance, modifies the limitations on the District's authority as set forth in the Petition. The District may also incur Obligations in one or more series for the purpose of funding all, or an appropriate portion of, the Public Improvements. Reimbursable Public Improvement Costs shall be paid to the extent that funds are available from the proceeds of Obligations or from District Sales Tax Revenues in the order of priority set forth in the Cooperative Agreement.

#### **Ownership and Maintenance of Public Improvements**

The City or the District shall own the Public Improvements, as directed by the City and in accordance with any applicable contacts executed by the City. Maintenance of the Public Improvements shall also be as directed by the City, and the Parties may enter into a separate agreement or amend the Cooperative Agreement, as appropriate, to provide for maintenance of the Public Improvements. The City shall arrange for obtaining and maintaining insurance for the design, construction, operation and maintenance of the Public Improvements.

#### **New Public Improvements**

The District may use District Sales Tax Revenue, as such revenues are available, to pay Public Improvement Costs for new District projects which have been determined by the City Council to be necessary and approved in accordance with the CID Act. The District shall not undertake new District projects without the prior approval of the City Council. Payments due to the City pursuant to the priority established in the Cooperative Agreement for Administration Fees shall take priority over any costs associated with new District projects.

#### **District Board of Director Qualifications**

The Parties agree that, in addition to the requirements applicable to the Board of Directors under the CID Act, the Board of Directors shall, at all times, consist of at least three persons who are also appointed or elected officials of the City or who are City employees (collectively, the "City Qualification"). The Parties agree that the Bylaws shall at all times provide that if a District director ceases, for any reason, to meet the City Qualification, then such director's term of office as a District director shall automatically terminate. In the event of a vacancy caused by such termination then an interim director shall be appointed by the Mayor with the consent of the City Council, and thereafter the successor director shall be appointed as provided in the Bylaws.

#### **Default and Remedies**

An Event of Default shall occur upon the failure by either Party in the performance of any covenant, agreement or obligation imposed or created by the Cooperative Agreement and the continuance of such failure for fifteen (15) days after the other Party, or the Trustee of any outstanding Obligation, has given written notice to such Party specifying such failure.

Subject to any restrictions contained in the Bond Documents for any outstanding Obligations that are issued against acceleration of the maturity of any such Obligations, if any Event of Default has occurred and is continuing, then the non-defaulting party may, upon its election or at any time after its election while such default continues, by mandamus or other suit, action or proceeding at law or in equity, enforce its rights against the defaulting party and its officers, agents and employees, and require and compel duties and obligations required by the provisions of the Cooperative Agreement.

#### APPENDIX D

#### FORM OF OPINION OF BOND COUNSEL

Missouri Development Finance Board Jefferson City, Missouri Piper Jaffray & Co. Leawood, Kansas

City of Independence, Missouri Independence, Missouri Commerce Bank, N.A., as Trustee Kansas City, Missouri

# Re: \$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Missouri Development Finance Board (the "Board"), of the above-referenced bonds (the "Bonds"). The Bonds have been authorized and issued under and pursuant to the Missouri Development Finance Board Act, Sections 100.250 to 100.297 of the Revised Statutes of Missouri, as amended (the "Act"), and the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") between the Board and Commerce Bank, N.A., as trustee (the "Trustee"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The proceeds of the Bonds will be used by the Board to make a loan to the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City"), pursuant to a Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") between the Board and the City to pay Costs of the Project as defined in the Indenture.

Reference is made to an opinion of even date herewith of Allen Garner, City Counselor, with respect to, among other matters, (a) the power of the City to enter into and perform its obligations under the Financing Agreement and the Tax Compliance Agreement, (b) the passage and effectiveness of the Authorizing Ordinance, and (c) the due authorization, execution and delivery of the Financing Agreement and the Tax Compliance Agreement by the City and the binding effect and enforceability thereof against the City.

In our capacity as Bond Counsel, we have examined a certified transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following:

- (i) the Indenture;
- (ii) the Financing Agreement; and
- (iii) the Tax Compliance Agreement.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Bonds and the authorization, execution and delivery of the Indenture and the Financing Agreement.

Based upon such examination, we are of the opinion, as of the date hereof, as follows:

1. The Board is a body corporate and politic duly and legally organized and validly existing under the Act and has lawful power and authority to issue the Bonds and to enter into the Indenture and the Financing Agreement and to perform its obligations thereunder.

2. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri, including the Act.

3. The Bonds are valid and legally binding limited obligations of the Board according to the terms thereof, payable as to principal and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate, all in the manner provided in the Indenture. The Bonds do not constitute a debt of the State of Missouri or of any other political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. The Board has no taxing power.

4. The Indenture and the Financing Agreement have been duly authorized, executed and delivered by the Board and constitute valid and legally binding agreements enforceable against the Board in accordance with the respective provisions thereof.

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

6. The interest on the Bonds is exempt from income taxation by the State of Missouri.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Financing Agreement and the Tax Compliance Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

GILMORE & BELL, P.C.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

# UNITED STATES OF AMERICA

#### STATE OF MISSOURI

En.

| Registere | d                |                         |                         | Registered   |
|-----------|------------------|-------------------------|-------------------------|--------------|
| No. R     | -<br>-           |                         | (Lessed                 | \$           |
|           | -                |                         |                         |              |
|           | MIS              | SOURI DEVELOPME         | NT FINANCE BOARD        |              |
|           |                  |                         |                         |              |
|           | INFRA            | STRUCTURE FACIL         | ITIES RÈVENUE BOND      |              |
|           | (CITY OF INDE    | PENDENCE, MISSOU        | RI – EVÊNTS CENTER I    | PROJECT)     |
|           |                  | SERIES 2                | 008D                    |              |
|           |                  |                         |                         |              |
| I         | nterest Rate     | Maturity Date           | Dated Date              | <u>CUSIP</u> |
|           | %                |                         | April 1, 2008           |              |
|           |                  |                         |                         |              |
| R         | egistered Owner: | CEDE & CO. Taxpa        | yer I.D. No. 13-2555119 |              |
| P         | rincipal Amount: | $\bigcirc$ $\checkmark$ |                         |              |

THE MISSOURI DEVELOPMENT FINANCE BOARD, a body politic and corporate and a public instrumentality (the "Board"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2008, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of American which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of COMMERCE BANK, N.A., in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (1) check or draft of the Trustee mailed to such registered owner at his address as it appears on such bond register or at such other address furnished in writing by such registered owner to the Trustee, or (2) at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Limited Obligations. The Bonds and the interest thereon are special, limited obligations of the Board payable solely out of Loan Payments (as defined in the a Bond Trust Indenture, dated as of April 1, 2008 between the Board and the Trustee, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture") derived by the Board under the Financing Agreement and are secured by a pledge and assignment of such Loan Payments and other funds as provided in the Indenture. The Bonds shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision thereof, but shall be payable solely from the funds provided for in the Financing Agreement and the Indenture. The issuance of the Bonds shall not directly or indirectly obligate the State of Missouri, any political subdivision thereofy the Board or its officers, directors or employees to provide any funds for the payment of such Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Missouri or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The State of Missouri shall not in any event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage cobligation or agreement of any kind whatsoever which may be undertaken by the Board. No breach by the Board of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Missouri or any charge upon its general credit or its taxing power. The Board has no power to tax.

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the Board designated "Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2008D," in the aggregate principal amount of \$12,325,000 (the "Bonds"), issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Sections 100.250 to 100.297 et. sequent as amended, and pursuant to proceedings duly had by the Board. The Bonds are issued under and are equally and ratably secured and entitled to the protection given by the Indenture for the purpose of making a loan to the City of Independence, Missouri (the "City") to provide funds for the purposes described in the Indenture. The loan will be made pursuant to a Financing Agreement, dated as of April 1, 2008 (said Financing Agreement, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Financing Agreement"), between the Board and the City. Under the Indenture, the Board has pledged and assigned certain of its rights under the Financing Agreement, including the right to receive all Loan Payments thereunder, to the Trustee as security for the Bonds. Reference is hereby made to the Indenture for a description of the property pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Bonds, and the rights, duties and obligations of the Board, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

Redemption Prior to Maturity. The Series 2008D Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. The Series 2008D Bonds maturing on October 1, 2018 and thereafter are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after April 1, 2018, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on or after April 1, 2020, April 1, 2025, April 1, 2029, April 1, 2033 and April 1, 2038 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on April 1 and October in each of the years specified in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date, without premium. Bonds to be so redeemed shall be selected by the Trustee in such equitable manner as it may determine.

Notice of Redemption. Notice of redemption, unless waived, is to be given by the Trustee by mailing an official redemption notice by registered, certified or first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the bond register maintained by the Trustee. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Board shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or that of the Paying Agent as the Securities Depository "FAST" Agent. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Board and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Board and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Board, the Trustee and the Securities Depository.

# Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO

ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Board, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered on the bond register maintained by the Trustee as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Rights. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

6

-4-

IN WITNESS WHEREOF, the MISSOURI DEVELOPMENT FINANCE BOARD has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman or President and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and its corporate seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

# **CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within mentioned Indenture.

Date of Authentication:

COMMERCE BANK, N.A., Trustee

# MISSOURI DEVELOPMENT FINANCE

|               | BOARD  | $\gamma_{i}$        | 1   |
|---------------|--|---------------------|---|
| lescribed in  | (, 5   | 4 1. 1              | 1   |
|               | By: KP   | Bhind               | l   |
|               | By:  | Chairman            |   |
|               |  | onunnun             | NEL OPMENT A  |
|               |  |                     | CORPORATE T   |
|               |  |                     |   |
|               | ATTEST:  |                     | SEAL S  |
|               | s  |                     | A CONTRACTOR OF A CONTRACTOR |
|               | By:  | Ver Monsere         | **************************************  |
|               |  | Assistant Secretary | <u></u>   |
|               |  |                     |   |
|               |  |                     |   |
|               |  | >                   |   |
|               | A CONTRACTOR   |                     |   |
| (Participant) |  |                     |   |
| (L)           |  |                     |   |
|               | and the second sec |                     |   |
| A A           |  | ŕ                   |   |
|               | >  |                     |   |
|               |  |                     |   |
| & D `         |  |                     |   |
| X             |  |                     |   |
|               |  |                     |   |
|               |  |                     |   |
|               |  |                     |   |

By: \_

Authorized Signature

# ASSIGNMENT

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

| (Please Print or Typewrite Name,<br>Number or Taxpayer Identificat  | •   |
|---|---|
| the within Bond and all rights thereunder, and h  | nereby irrevocably constitutes and appoints   |
| Attorn  |   |
| to transfer the within Bond on the books kept for regi<br>the premises.   | stration thereof with full power of substitution in   |
| Dated:  | <b>NOTICE:</b> The signature to this assignment<br>must correspond with the name as it appears<br>upon the face of the within Bond in every<br>particular, without alteration or enlargement or<br>any change whatever.<br>Signature Guaranteed By: |
|   | (Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15) or any similar rule which the Trustee deems applicable)   |
| A CONTRACT OF A | By:<br>Title:   |

#### **LEGAL OPINION**

The following is a true and correct copy of the legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, on the within Bond and the series of which said Bond is a part, which opinion was manually executed and was dated and issued as of the date of delivery of and payment for such Bonds.

# GILMORE & BELL, P.C. 2405 Grand Boulevard, Suite 1100 Kansas City, Missouri 64108

Missouri Development Finance Board Jefferson City, Missouri

City of Independence, Missouri Independence, Missouri Commerce Bank, N.A., as Frustee Kansas City Missouri

Piper Jaffray & Co.

Leawood, Kansas

# Re: \$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Missouri Development Finance Board (the "Board"), of the above-referenced bonds (the "Bonds"). The Bonds have been authorized and issued under and pursuant to the Missouri Development Finance Board Act, Sections 100.250 to 100.297 of the Revised Statutes of Missouri as amended (the "Act"), and the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") between the Board and Commerce Bank, N.A., as trustee (the "Trustee"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The proceeds of the Bonds will be used by the Board to make a loan to the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City"), pursuant to a Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") between the Board and the City to pay Costs of the Project as defined in the Indenture.

Reference is made to an opinion of even date herewith of Allen Garner, City Counselor, with respect to, among other matters (a) the power of the City to enter into and perform its obligations under the Financing Agreement and the Tax Compliance Agreement, (b) the passage and effectiveness of the Authorizing Ordinance, and (c) the due authorization, execution and delivery of the Financing Agreement and the Tax Compliance Agreement by the City and the binding effect and enforceability thereof against the City.

In our capacity as Bond Counsel, we have examined a certified transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following:

- (i) the Indenture;
- (ii) the Financing Agreement; and
- (iii) the Tax Compliance Agreement.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Bonds and the authorization, execution and delivery of the Indenture and the Financing Agreement.

Based upon such examination, we are of the opinion, as of the date hereof, as follows:

1. The Board is a body corporate and politic duly and legally organized and validly existing under the Act and has lawful power and authority to issue the Bonds and to enter into the Indenture and the Financing Agreement and to perform its obligations thereunder.

2. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri, including the Agt.

3. The Bonds are valid and legally binding limited obligations of the Board according to the terms thereof, payable as to principal and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate, all in the manner provided in the indenture. The Bonds do not constitute a debt of the State of Missouri or of any other political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. The Board has no taxing power.

4. The Indenture and the Financing Agreement have been duly authorized, executed and delivered by the Board and constitute valid and legally binding agreements enforceable against the Board in accordance with the respective provisions thereof.
5. The interest on the Bonds (including any original issue discount properly allocable to an any original issue discount properly allocable to any original issue discount properly all

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

6. The interest on the Bonds is exempt from income taxation by the State of Missouri.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Financing Agreement and the Tax Compliance Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

GILMORE & BELL, P.C.

**Execution Copy** 

### **BOND PURCHASE AGREEMENT**

#### MISSOURI DEVELOPMENT FINANCE BOARD

# \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

March 17, 2008

Missouri Development Finance Board Jefferson City, Missouri

City of Independence, Missouri Independence, Missouri

Gentlemen:

On the basis of the representations, warranties and covenants and upon the terms and conditions contained in this Bond Purchase Agreement, the undersigned, Piper Jaffray & Co. (the "Underwriter"), hereby offers to purchase \$12,325,000 of Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D (the "Bonds") to be issued by the Missouri Development Finance Board (the "Board") under and pursuant to the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") by and between the Board and Commerce Bank, N.A., as Trustee (the "Trustee"). All capitalized terms not defined elsewhere in this Agreement shall have the meanings set forth in the Indenture.

# SECTION 1. YOUR REPRESENTATIONS, WARRANTIES AND AGREEMENTS

A. BOARD. By acceptance hereof, the Board hereby represents and warrants to, and agrees with, the Underwriter that:

(a) The Board is a body corporate and politic duly organized and existing under the laws of the State of Missouri authorized and empowered under the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended ("Act"), to issue revenue bonds for the purpose of providing funds to finance and refinance the costs of certain "projects" as defined in the Act (which includes "infrastructure facilities" as defined in the Act) and to pay certain costs related to the issuance of such revenue bonds, with lawful power and authority to enter into the Indenture acting by and through its duly authorized officers and to purchase the Bonds as contemplated hereunder.

(b) The Board has complied with all provisions of the Constitution and the laws of the State of Missouri, including the Act, and has full power and authority to consummate all transactions contemplated by this Bond Purchase Agreement, the Bonds, the Indenture, the Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") between the Board and the City of Independence, Missouri (the "City"), the Tax Compliance Agreement dated as of April 1, 2008 (the "Tax Compliance Agreement"), among the Board, the City and the Trustee, the Continuing Disclosure Agreement dated as of April 1, 2008 by and between the City and the Trustee, as Dissemination Agent and any and all other agreements relating thereto (all such documents being referred to collectively as the "Bond Documents").

The Board has duly authorized all necessary action to be taken by the Board for (i) the (c) issuance and sale of the Bonds upon the terms set forth herein and in the Indenture and the final Official Statement dated March 17, 2008, to be prepared from the Preliminary Official Statement dated March 5, 2008 (the "Official Statement"); (ii) the execution and delivery of the Indenture providing for the issuance of and security for the Bonds (including the pledge and assignment by the Board of the payments to be received pursuant to the Financing Agreement in the amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds) and appointing the Trustee as trustee, paying agent and bond registrar under the Indenture; (iii) the approval of the Official Statement; (iv) the financing of a portion of the Events Center described in the Official Statement; (v) the execution, delivery, receipt and due performance of the Bond Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the Board in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (vi) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Bond Documents and the Official Statement. Executed counterparts of the Bond Documents and the Official Statement will be delivered to the Underwriter by the Board at the Closing Time.

(d) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Board, threatened against or affecting the Board (or, to the knowledge of the Board, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Bond Documents and the Official Statement or the validity of the Bond Documents or any agreement or instrument to which the Board is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Bond Documents or the Official Statement.

(e) The execution and delivery of the Official Statement, the Bond Documents and the other agreements contemplated hereby and by the Bond Documents and the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Board, a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Board is subject or by which the Board is or may be bound.

(f) Any certificate signed by any of the authorized officials of the Board and delivered to the Underwriter shall be deemed a representation and warranty by the Board to the Underwriter as to the statements made therein.

(g) The Board will deliver or cause to be delivered all opinions, certificates and other documents, as provided herein, including, but not limited to, an opinion of its counsel dated as of the Closing Date covering, among other things, the due authorization, execution and delivery by the Board of this Bond Purchase Agreement and the documents to which the Board is a party.

(h) No event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute a "default," "Event of Default," or "event of default" under and as defined in any of the Bond Documents.

**B. CITY.** By acceptance hereof the City hereby represents and warrants to, and agrees with, the Underwriter that:

(a) The City is a political subdivision and body corporate organized and existing under the laws of the State of Missouri. The City is authorized to enter into the Financing Agreement.

(b) The City has complied with all provisions of the Constitution and the laws of the State of Missouri, and has full power and authority to consummate all transactions contemplated by the Bond Documents and the Official Statement and any and all other agreements relating thereto.

(c) The information contained in the Official Statement (other than the information supplied by the Board, DTC or the Underwriter) is and as of the Closing Time will be, true and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

(d) The City has duly authorized all necessary action to be taken by the City for (i) the approval of the Official Statement; (ii) the execution, delivery, receipt and due performance of the Bond Documents to which it is a party and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby, by the other Bond Documents and by the Official Statement; and (iii) the carrying out, giving effect to and consummation of the transactions contemplated hereby, by the other Bond Documents of the Bond Documents to which the City is a party will be delivered to the Underwriter by the City at the Closing Time.

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the City, threatened against or affecting the City (or, to its knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby, by the other Bond Documents or by the Official Statement or the validity of any of the Bond Documents or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby, by the other Bond Documents.

(f) The execution and delivery of the Official Statement, the Bond Documents to which the City is a party and the other agreements contemplated hereby, or by the other Bond Documents or the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the City a violation, a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which it is subject or by which it is or may be bound.

(g) Any certificate signed by any of the authorized officials of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(h) The City will deliver or cause to be delivered all opinions, certificates and other documents, as provided herein, including, but not limited to, an opinion of its counsel dated as of the

Closing Date covering, among other things, the due authorization, execution and delivery by the City of this Bond Purchase Agreement and the documents to which the City is a party.

(i) No event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute "default," "Event of Default," or "event of default" under and as defined in the documents to which the City is a party.

## SECTION 2. PURCHASE, SALE AND DELIVERY OF THE BONDS

On the basis of the representations, warranties and covenants contained herein and in the other agreements referred to herein, and subject to the terms and conditions herein set forth, at the Closing Time (hereinafter defined) the Underwriter agrees to purchase from the Board and the Board agrees to sell to the Underwriter the Bonds at a purchase price of \$12,001,621.72 (which represents the principal amount of the Bonds, \$12,325,000, less net original issue discount of \$142,204.25, less an underwriter's discount of \$184,875, plus accrued interest in the amount of \$3,700.97).

The Bonds shall be issued under and secured as provided in the Indenture, and the Bonds shall have the maturities, interest rates and initial offering prices and be subject to redemption as set forth in **Exhibit A** attached hereto. Payment for the Bonds shall be made by federal wire transfer or certified or official bank check or draft in immediately available federal funds payable to the order of the Trustee for the account of the Board, at the offices of the Trustee, not later than 11:00 a.m., local time, on April 3, 2008, or such other place, time or date as shall be mutually agreed upon by the Board, the City and the Underwriter. The date of such delivery and payment is herein called the "Closing Date", and the hour and date of such delivery and payment is herein called the "Closing Time". The delivery of the Bonds shall be made in book-entry only form, bearing CUSIP numbers (provided neither the printing of a wrong number on any Bond nor the failure to print a number thereon shall constitute cause to refuse delivery of any Bond) as fully registered bonds (in such denominations as the Underwriter shall specify in writing at least 48 hours prior to the Closing Time); provided, however, that the Bonds may be delivered in temporary form.

#### SECTION 3. CONDITIONS TO THE PURCHASER'S OBLIGATIONS

The Underwriter's obligations hereunder shall be subject to the due performance by the Board and the City of their obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy of and compliance with the Board's and the City's representations and warranties contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions:

(a) Within seven business days after the date of this Bond Purchase Agreement, the Board and the City shall provide to the Underwriter sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

(b) The Bond Documents shall each have been duly authorized, executed and delivered in the form heretofore approved by the Underwriter with only such changes therein as shall be mutually agreed upon by the Board, the Underwriter and the City.

(c) At the Closing Time, the Underwriter shall receive:

(1) The opinions in form and substance satisfactory to the Underwriter, dated as of the Closing Date, of (a) Gilmore & Bell, P.C., Bond Counsel, relating to the due organization and existence of the Board, the valid authorization and issuance of the Bonds, the due authorization, execution and delivery by the Board of the Indenture, the Financing Agreement and the Tax Compliance Agreement, the exclusion of interest on the Bonds from gross income for federal income tax purposes and certain other matters; and (b) the City's counsel, relating to the due organization and existence of the City, the passage by the City Council of the Authorizing Ordinance, the due authorization, execution and delivery of the Bond Documents to the extent the City is a party and the other agreements described in the Official Statement to be executed by the City;

(2) A certificate, in form and substance satisfactory to the Underwriter, of the Chairman, Vice Chairman or Executive Director of the Board or of any other of its duly authorized officers satisfactory to the Underwriter, dated as of the Closing Date;

(3) A certificate, in form and substance satisfactory to the Underwriter, of the City, dated as of the Closing Date;

(4) Such additional certificates and other documents as the Underwriter may reasonably request to evidence performance or compliance with the provisions hereof and the transactions contemplated hereby and by the Bond Documents and the Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

# SECTION 4. CONDITIONS TO THE OBLIGATIONS OF THE BOARD AND THE CITY

The obligations of the Board and the City hereunder are subject to the Underwriter's performance of its obligations hereunder.

# SECTION 5. THE PURCHASER'S RIGHT TO CANCEL

The Underwriter shall have the right to cancel its obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default for purposes of Section 7 hereof) by notifying you in writing or by telegram of its election to make such cancellation prior to the Closing Time, if at any time prior to the Closing Time:

(a) A committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it legislation which, if enacted in its form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Board or by any similar body or upon interest received on obligations of the general character of the Bonds, or the Bonds, which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds;

(b) A tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or be recommended to the Congress of the United States for passage by the President of the United States, or be enacted by the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition

of federal income taxation, upon revenues or other income of the general character to be derived by the Board or by any similar body or upon interest received on obligations of the general character of the Bonds, or the Bonds, which, in the Underwriter's opinion, materially and adversely affects the market price of the Bonds;

(c) Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by the General Assembly of the State of Missouri or by any other governmental body, department or agency of the State of Missouri, or a decision by any court of competent jurisdiction within the State of Missouri shall be rendered which, in the Underwriter's opinion, materially and adversely affects the market price of the Bonds, or litigation challenging the law Act under which the Bonds are to be issued shall be filed in any court in the State of Missouri;

(d) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities Exchange Act of 1934, as amended and as then in effect;

(e) Legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended and as then in effect;

(f) Any event shall have occurred, or information become known, which, in the Underwriter's opinion, makes untrue in any material respect any statement or information contained in the Official Statement as originally circulated, or has the effect that the Official Statement as originally circulated contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(g) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(h) The New York Stock Exchange or any other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(i) Any general banking moratorium shall have been established by federal, New York or Missouri authorities; or

(j) A war involving the United States shall have been declared, or any conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the effective operation of government or the financial community shall have occurred, which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds.

# SECTION 6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY

All of the Board's and the City's representations, warranties, and agreements shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter on its own behalf, and shall survive delivery of the Bonds to the Underwriter.

### SECTION 7. PAYMENT OF EXPENSES

Whether or not the Bonds are sold by the Board to the Underwriter (unless such sale be prevented at the Closing Time by the Underwriter's default), the Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the Board and the City hereunder. If the Bonds are sold by the Board to the Underwriter, all expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Bonds (including, without limitation, the fees and disbursements of Gilmore & Bell, P.C., as Bond Counsel, the fees and disbursements of the Underwriter, in connection with the offering and sale of the Bonds, the Official Statement, this Bond Purchase Agreement and all other agreements and documents contemplated hereby) shall be paid by the City out of the proceeds of the Bonds. If the Bonds are not sold by the Board to the Underwriter, the City will not be liable for any of such expenses and costs.

# SECTION 8. USE OF OFFICIAL STATEMENT

The Board and the City hereby ratify and confirm the Underwriter's use of the Preliminary Official Statement dated March 5, 2008; and the Board and the City authorize the use of, and will make available, the Official Statement for the use by the Underwriter in connection with the sale of the Bonds.

# SECTION 9. AGREEMENT TO NOTIFY UNDERWRITER OF NEED TO SUPPLEMENT OR AMEND OFFICIAL STATEMENT

If between the date of this Bond Purchase Agreement and 30 days (if Official Statement is to be delivered to a Repository) or 120 days (if Official Statement is <u>not</u> to be delivered to a Repository) following the Closing Date any event shall occur which might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading, the Board and the City shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Board and the City will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. If the Official Statement is so supplemented or amended prior to the Closing Date, such approval by the Underwriter from thereafter terminating this Bond Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing Date, the Underwriter may terminate this Bond Purchase Agreement by notification to the Board and the City at any time prior to the Closing Time if, in the reasonable judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds.

#### **SECTION 10. NOTICE**

Any notice or other communication to be given under this Bond Purchase Agreement may be given by mailing or delivering the same in writing to the Missouri Development Finance Board, 200 Madison Street, Suite 1000, Jefferson City, Missouri 65102, Attention: Executive Director; to the City, City Hall, 111 East Maple, Independence, Missouri 64050, Attention: Director of Finance; and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Piper Jaffray & Co., 11150 Overbrook Road, Suite 310, Leawood, Kansas 66211, Attention: Dennis V. Mitchell.

# SECTION 11. APPLICABLE LAW: NONASSIGNABILITY

This Bond Purchase Agreement shall be governed by the laws of the State of Missouri. This Bond Purchase Agreement shall not be assigned.

# **SECTION 12. EXECUTION OF COUNTERPARTS**

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

#### **SECTION 13. RIGHTS HEREUNDER**

This Bond Purchase Agreement is made for the benefit of the Board, the City and the Underwriter and no other person including any purchaser of the Bonds shall acquire or have any rights hereunder or by virtue hereof.

# **SECTION 14. EFFECTIVE DATE**

This Bond Purchase Agreement shall become effective upon acceptance hereof by the Board and the City.

**IN WITNESS WHEREOF,** the parties hereto have executed this Bond Purchase Agreement, all as of the day and year first above mentioned.

Very truly yours,

PIPER JAFFRAY & CO.

By:

Name: Dennis V. Mitchell Title: Managing Director

Accepted and agreed to as of the date first above written.

# MISSOURI DEVELOPMENT FINANCE BOARD

By: \_\_\_\_

Name: Robert V. Miserez Title: Executive Director

# **CITY OF INDEPENDENCE, MISSOURI**

By: \_\_\_\_\_

Name: Robert Heacock Title: City Manager

Bond Purchase Agreement MDFB/Independence, MO Events Center Series 2008D **IN WITNESS WHEREOF,** the parties hereto have executed this Bond Purchase Agreement, all as of the day and year first above mentioned.

Very truly yours,

# PIPER JAFFRAY & CO.

By: \_\_\_\_

Name: Dennis V. Mitchell Title: Managing Director

Accepted and agreed to as of the date first above written.

# **MISSOURI DEVELOPMENT FINANCE BOARD**

By: Name: Robert V. Miserez

Title: Executive Director

CITY OF INDEPENDENCE, MISSOURI

Βv

Name: Robert Heacock Title: City Manager

Bond Purchase Agreement MDFB/Independence, MO Events Center Series 2008D

## EXHIBIT A

#### MISSOURI DEVELOPMENT FINANCE BOARD

#### \$12,325,000

# Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Dated: April 1, 2008

Due: April 1 and October 1 as shown below

# Maturity Schedule

# Serial Bonds

| Due       | Principal<br><u>Amount</u> | Interest<br><u>Rate</u> | Offering<br><u>Price</u> |
|-----------|----------------------------|-------------------------|--------------------------|
| 10/1/2009 | \$30,000                   | 4.000%                  | 101.523%                 |
| 4/1/2010  | 100,000                    | 4.000                   | 101.805                  |
| 10/1/2010 | 100,000                    | 4.000                   | 102.240                  |
| 4/1/2011  | 100,000                    | 4.000                   | 101.951                  |
| 10/1/2011 | 100,000                    | 4.000                   | 102.259                  |
| 4/1/2012  | 100,000                    | 4.000                   | 101.550                  |
| 10/1/2012 | 100,000                    | 4.000                   | 101.729                  |
| 4/1/2013  | 125,000                    | 4.000                   | 100.947                  |
| 10/1/2013 | 125,000                    | 4.000                   | 101.032                  |
| 4/1/2014  | 125,000                    | 4.250                   | 101.267                  |
| 10/1/2014 | 125,000                    | 4.250                   | 101.360                  |
| 4/1/2015  | 125,000                    | 4.375                   | 100.869                  |
| 10/1/2015 | 125,000                    | 4.375                   | 100.922                  |
| 4/1/2016  | 125,000                    | 4.500                   | 100.734                  |
| 10/1/2016 | 125,000                    | 4.500                   | 100.772                  |

\$1,020,000 Term Bonds due April 1, 2020, Interest Rate: 5.000%, Offering Price: 100.390% <sup>c</sup> \$1,825,000 Term Bonds due April 1, 2025, Interest Rate: 5.375%, Offering Price: 98.630% \$1,845,000 Term Bonds due April 1, 2029, Interest Rate: 5.625%, Offering Price: 98.247% \$2,310,000 Term Bonds due April 1, 2033, Interest Rate: 5.750%, Offering Price 98.565% \$3,695,000 Term Bonds due April 1, 2038, Interest Rate: 5.750%, Offering Price 97.901%

<sup>c</sup> Priced to call date

.

### **REDEMPTION PROVISIONS**

The Bonds are subject to redemption and payment prior to maturity as follows:

**Optional Redemption.** The Bonds maturing on October 1, 2018 and thereafter are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after April 1, 2018, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

#### Mandatory Sinking Fund Redemption.

The Bonds maturing on April 1, 2020 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| Due       | Principal<br><u>Amount</u> |
|-----------|----------------------------|
| 4/1/2017  | \$135,000                  |
| 10/1/2017 | 140,000                    |
| 4/1/2018  | 140,000                    |
| 10/1/2018 | 145,000                    |
| 4/1/2019  | 150,000                    |
| 10/1/2019 | 155,000                    |
| 4/1/2020* | 155,000                    |

\*Final Maturity

The Bonds maturing on April 1, 2025 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| <u>Due</u> | Principal<br><u>Amount</u> |
|------------|----------------------------|
| 10/1/2020  | \$160,000                  |
| 4/1/2021   | 165,000                    |
| 10/1/2021  | 170,000                    |
| 4/1/2022   | 175,000                    |
| 10/1/2022  | 180,000                    |
| 4/1/2023   | 185,000                    |
| 10/1/2023  | 190,000                    |
| 4/1/2024   | 195,000                    |
| 10/1/2024  | 200,000                    |
| 4/1/2025*  | 205,000                    |
|            |                            |

\*Final Maturity

The Bonds maturing on April 1, 2029 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| Due                   | Principal<br><u>Amount</u> |
|-----------------------|----------------------------|
| 10/1/2025             | \$210,000                  |
| 4/1/2026              | 215,000                    |
| 10/1/2026<br>4/1/2027 | 220,000<br>225,000         |
| 10/1/2027<br>4/1/2028 | 235,000<br>240,000         |
| 10/1/2028             | 245,000                    |
| 4/1/2029*             | 255,000                    |

\*Final Maturity

The Bonds maturing on April 1, 2033 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| Due             | Principal<br><u>Amount</u> |  |
|-----------------|----------------------------|--|
| 10/1/2029       | \$260,000                  |  |
| 4/1/2030        | 270,000                    |  |
| 10/1/2030       | 275,000                    |  |
| 4/1/2031        | 285,000                    |  |
| 10/1/2031       | 290,000                    |  |
| 4/1/2032        | 300,000                    |  |
| 10/1/2032       | 310,000                    |  |
| 4/1/2033*       | 320,000                    |  |
| *Final Maturity |                            |  |

The Bonds maturing on April 1, 2038 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 1 and October 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

| Due        | Principal     |
|------------|---------------|
| <u>Due</u> | <u>Amount</u> |
| 10/1/2033  | \$325,000     |
| 4/1/2034   | 335,000       |
| 10/1/2034  | 345,000       |
| 4/1/2035   | 355,000       |
| 10/1/2035  | 365,000       |
| 4/1/2036   | 375,000       |
| 10/1/2036  | 390,000       |
| 4/1/2037   | 400,000       |
| 10/1/2037  | 410,000       |
| 4/1/2038*  | 395,000       |

\*Final Maturity

## **CONTINUING DISCLOSURE AGREEMENT**

# \$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the City of Independence, Missouri (the "City"), in connection with the above-captioned bonds (the "Bonds") issued by the Missouri Development Finance Board (the "Board"). The Bonds are being issued pursuant to a Bond Trust Indenture, dated as of April 1, 2008, and (as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture"). The City covenants and agrees as follows:

In order to permit the Underwriter to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, as amended, in connection with the public offering of the Bonds, the City, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agrees, for the sole and exclusive benefit of holders and Beneficial Owners (as hereinafter defined) of the Bonds, as follows:

**Section 1. Definitions.** Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in the Indenture.

"Annual Financial Information" shall mean the information specified in Section 3 hereof.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as owner of any Bonds for federal income tax purposes.

"Bonds" shall mean the series of bonds described above.

"Central Post Office" means DisclosureUSA, any successor thereto, or any other conduit entity recognized, authorized or approved by the Securities and Exchange Commission for the submission of Annual Reports and Material Events notices to the Repositories. The Central Post Office currently approved by the Securities and Exchange Commission is set forth on **Exhibit A**.

"City" shall mean the City of Independence, Missouri, a municipality of the State of Missouri constituting a political subdivision, and any successor thereto.

"GAAP" shall mean generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

"GAAS" shall mean generally accepted auditing standards as in effect from time to time in the United States.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"National Repository" means any Nationally Recognized Municipal Securities Information Repository within the meaning of Rule 15c2-12. The National Repositories currently approved by the Securities and Exchange Commission are set forth in **Exhibit A**.

"Obligated Person" shall mean the person (including an issuer of separate securities) that is committed by contract or other arrangements structured to support payment of all or part of the obligations under the municipal securities.

"Official Statement" shall mean the Official Statement relating to the Bonds dated March 17, 2008.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Disclosure Agreement, including any official interpretations thereof issued either before or after the effective date of this Disclosure Agreement which are applicable to this Disclosure Agreement.

"State Depository" shall mean the state information depository for the State of Missouri, if and to the extent it has been established and is in existence and operating as a state information depository within the meaning of Rule 15c2-12. As of the date of this Disclosure Agreement, there is no State Depository.

"Underwriter" shall mean Piper Jaffray & Co.

# Section 2. Obligations to Provide Continuing Disclosure.

(a) <u>Obligations of the City</u>.

(i) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide, no later than 180 days after the end of each of its fiscal years, (A) the City's Comprehensive Annual Financial Report (the "Annual Report"), which includes the audited financial statements of the City for the prior fiscal year, and (B) the amount of CID Sales Tax Revenues and CID EATS received by the City. If audited financial statements are not then available, unaudited financial statements shall be provided no later than 180 days after the end of each of its fiscal years and the audited financial statements shall be delivered to each National Repository and to the State Depository if and when they become available.

(ii) The Trustee, based upon information that has been provided to and actually received by it in its capacity as Trustee, if other than an officer of the City, shall notify the City of the occurrence of any of the eleven events with respect to the Bonds listed in Section 2(a)(iii)(1) through (11) hereof, if material, promptly upon becoming aware of the occurrence of any such event.

(iii) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide to each National Repository or to the MSRB, and to the State Depository, if any, and the Trustee, in a timely manner, notice of any of the following eleven events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds;
- (8) Bond calls;
- (9) Defeasance;

(10) Release, substitution, or sale of property securing repayment of the securities; and

(11) Rating changes.

(iv) The City shall also provide to the State Depository, if any, and to each National Repository or to the MSRB, as promptly as practicable notice of any failure of the City to provide the National Repository and the State Depository, if any, the Annual Report or financial statements required by paragraph (i) of this Section 2(a) on or before the date specified.

(b) <u>Termination or Modification of Disclosure Obligation</u>. The obligations of the City hereunder may be terminated if the City is no longer an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12, as amended from time to time. Upon any such termination, the City shall provide written notice thereof to each National Repository, the State Depository, if any, and the MSRB.

(c) <u>Other Information</u>. Nothing herein shall be deemed to prevent the City from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the City should disseminate any such additional information, the City shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

# Section 3. Annual Financial Information.

(a) <u>Specified Information</u>. The Annual Financial Information of the City shall consist of the Annual Report as described in Section 2(a)(i).

(b) <u>Incorporation by Reference</u>. All or any portion of the Annual Financial Information of the City may be provided in the Annual Financial Information by specific incorporation by reference to any other documents which have been filed with the Repositories, the State Depository, if any, the Securities and Exchange Commission and the MSRB.

(c) <u>Informational Categories</u>. The requirements contained in this Disclosure Agreement are intended to set forth a general description of the type of financial information and operating data to be provided by the City, such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of this Disclosure Agreement call for

information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

# Section 4. Financial Statements.

The annual financial statements of the City for each fiscal year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS (but only if audited financial statements are otherwise available for such fiscal year). The annual financial statements may be provided by specific incorporation by reference to any other documents which have been filed with the Repositories, the State Depository, if any, the Securities and Exchange Commission and the MSRB.

# Section 5. Central Post Office.

The City may use the Central Post Office for the submission of Annual Reports and notice of the events described in Section 2(a)(iii) ("Material Events") for so long as there is any Central Post Office recognized, authorized or approved by the Securities and Exchange Commission. Submission of an Annual Report or a notice of Material Events by the City to the Central Post Office will be deemed to satisfy the City's obligations under this Continuing Disclosure Agreement with respect to that Annual Report or notice of Material Events unless the City has actual notice that the Central Post Office has failed to deliver the Annual Report or notice of Material Event to the Repositories.

# Section 6. Remedies.

If the City should fail to comply with any provision of this Disclosure Agreement, then any holder or Beneficial Owner of Bonds may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds similarly situated, by mandamus or other suit or proceeding at law or in equity, against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Disclosure Agreement; provided that the sole and exclusive remedy for breach of this Disclosure Agreement shall be an action to compel specific performance of the obligations of such party hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided, further, that the rights of any holder or Beneficial Owner to challenge the adequacy of the information provided in accordance with Sections 2 and 3 hereunder are conditioned upon the provisions of the Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default as though such provisions applied hereunder. Failure of any party to perform its obligations hereunder shall not constitute an Event of Default under any agreement executed and delivered in connection with the issuance of the Bonds.

# Section 7. Parties in Interest.

The provisions of this Disclosure Agreement shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds, the City and the Trustee and shall create no rights in any other person or entity.

# Section 8. Amendments.

(a) Without the consent of any of the holders or Beneficial Owners of the Bonds, the City, at any time and from time to time, may amend or make changes this Disclosure Agreement for any purpose, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or any type of business or affairs it conducts;

(ii) the undertakings set forth herein, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and

(iii) the amendment, in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

(b) Annual Financial Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent in a timely manner by the City to each National Repository or to the MSRB, and to the State Depository, if any.

# Section 9. Termination.

This Disclosure Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased pursuant to the Indenture; provided, however, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided thereunder; and provided, further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder. Upon any legal defeasance of the Bonds, the City shall provide notice of such defeasance to each National Repository or to the MSRB, and the State Depository, and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

# Section 10. Notices.

Any notices or communications to the City may be given as follows:

City of Independence, Missouri 111 East Maple City of Independence, Missouri 64050 Attention: Director of Finance Telephone: (816) 325-7012 Fax: (816) 325-7012

The City may, by written notice to the Trustee, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

# Section 10. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MISSOURI DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW; <u>PROVIDED</u>, <u>HOWEVER</u> THAT TO THE EXTENT THIS AGREEMENT ADDRESSES MATTERS OF FEDERAL SECURITIES LAWS, INCLUDING RULE 15c2-12, THIS AGREEMENT SHALL BE GOVERNED BY SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

[Remainder of page intentionally left blank.]

**IN WITNESS WHEREOF,** the undersigned has duly authorized, executed and delivered this Disclosure Agreement as of the date first above written.

DATED: April 3rd, 2008.

# CITY OF INDEPENDENCE, MISSOURI, as Obligated Person

By:

Name: Robert Heacock Title: City Manager

Continuing Disclosure Agreement MDFB/Independence, MO Series 2008D

# **EXHIBIT** A

# Nationally Recognized Municipal Securities Information Repositories

Bloomberg Municipal Repository Bloomberg Business Park 100 Business Park Drive Skillman, New Jersey 08558-3629 Phone: (609) 279-3225 Fax: (609) 279-5962(3) or (800) 395-9403 E-Mail: Munis@Bloomberg.com

Standard & Poor's Securities Evaluations, Inc. Repository Service 55 Water Street, 45th Floor New York, New York 10041-0003 Phone: (212) 438-4595 Fax: (212) 438-3975 E-mail: nrmsir\_repository@sandp.com FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Phone: (212) 771-6999 or (800) 689-8466
Fax: (212) 771-7390 (Secondary Market Information)
Fax: (212) 771-7391 (Primary Market Information E-Mail: NRMSIR@ftid.com

DPC Data Inc. One Executive Drive Fort Lee, New Jersey 07024 Phone: (201) 346-0701 Fax: (201) 947-0107 E-Mail: nrmsir@dpcdata.com

Any notices to or filings with the National Repositories and the State Repository, if any, may be effected by sending the notice or filing to Disclosure USA, in accordance with its published procedures, for further submission by Disclosure USA to the Repositories, as follows:

For electronic submissions:

www.DisclosureUSA.org

ï

For paper submissions (permitted only through December 31, 2007):

Mailing Address:

Physical Address:

Disclosure USA P.O. Box 684667 Austin, Texas 78768-4667

١

Disclosure USA 600 West 8<sup>th</sup> Street Austin, Texas 78701

# **COOPERATIVE AGREEMENT**

# between the

# CITY OF INDEPENDENCE, MISSOURI

# and the

# INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

# dated as of

Ordinance #. 16906

# Table of Contents

|                           |  | Page |
|---------------------------|--|------|
| ARTICLE 1: DEF            | INITIONS, RECITALS AND EXHIBITS  | 1    |
| Section 1.1               | Recitals and Exhibits  | 1    |
| Section 1.2.              | Definitions  | 2    |
| <b>ARTICLE 2: REPH</b>    | RESENTATIONS   |      |
| Section 2.1.              | Representations by the District.   | 4    |
| Section 2.2.              | Representations by the City  | 5    |
| <b>ARTICLE 3: DIST</b>    | RICT SALES TAX   |      |
| Section 3.1.              | Imposition of the District Sales Tax   | 5    |
| Section 3.2.              | District Administration and Sales Tax Duties.  | 5    |
| Section 3.3.              | Administration Fee   | 6    |
| Section 3.4.              | Operating Costs  | 6    |
| Section 3.5.              | Enforcement of the District Sales Tax.   | 6    |
| Section 3.6.              | Distribution of the District Sales Tax Revenue.  | 7    |
| Section 3.7.              | Effect of Obligations  | 7    |
| Section 3.8.              | Records of the District Sales Tax.   | 7    |
| Section 3.9.              | Repeal of the District Sales Tax.  | 7    |
| <b>ARTICLE 4: FINA</b>    | NCING DISTRICT PROJECTS  | 8    |
| Section 4.1.              | Design and Construction of Public Improvements.  | 8    |
| Section 4.2.              | Financing the Public Improvements.   | 8    |
| Section 4.3.              | Ownership and Maintenance of Public Improvements.  | 8    |
| Section 4.4.              | Annual Budget.   |      |
| Section 4.5.              | New Public Improvements.   |      |
| Section 4.6.              | Coordination with Tax Increment Financing Plans  | 9    |
| ARTICLE 5: SPE            | CIAL COVENANTS   |      |
| Section 5.1.              | Records of the District.   | 9    |
| Section 5.2.              | Records of the City  | 9    |
| Section 5.3.              | District Board of Director Qualifications  |      |
| ARTICLE 6: DEF            | AULTS AND REMEDIES   | 10   |
| Section 6.1.              | Default and Remedies   |      |
| Section 6.2.              | Rights and Remedies Cumulative.  | 10   |
| Section 6.3.              | Waiver of Breach.  |      |
| Section 6.4.              | Excusable Delays.  |      |
| ARTICLE 7: MIS            | CELLANEOUS   |      |
| Section 7.1.              | Effective Date and Term.   | 10   |
| Section 7.2.              | Immunities.  | 10   |
| Section 7.3.              | Modification   |      |
| Section 7.4.              | Jointly Drafted.   | 11   |
| Section 7.5.              | Applicable Law.  | 11   |
| Section 7.6.              | Common Representation  | 11   |
| Section 7.7.              | Validity and Severability.   |      |
| Section 7.8.              | Execution of Counterparts.   |      |
| Section 7.9.              | City Approvals.  | 11   |
| Section 7.10.             | District Approvals.  | 11   |
| ي بالطبوب الم الم مرد الم | name an and an initial and an initial and a second definition of the se |      |

# **Index of Exhibits**

| ]           | Exhibit A | Description of the Events Center Property              |
|-------------|-----------|--|
| 1           | Exhibit B | Description of Public Improvements and Estimated Costs |
| ,<br>,<br>, | Exhibit C | Form of Letter to the Missouri Department of Revenue   |

e . . .

# **COOPERATIVE AGREEMENT**

THIS COOPERATIVE AGREEMENT ("Agreement"), entered into as of this <u>21st</u> day of <u>December</u>, 2007, by and between the CITY OF INDEPENDENCE, MISSOURI, a constitutional home rule charter city and political subdivision of the State of Missouri (the "City"), and the INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT, a Missouri community improvement district ("District" or "CID") (the City and the District being sometimes collectively referred to herein as the "Parties", and individually as a "Party", as the context so requires).

#### WITNESSETH:

WHEREAS, the City Council of Independence, Missouri (the "City Council"), did on <u>December 20</u>, 2007, pass Ordinance No.16905, which approved formation of the District which provides for the financing of certain public improvements in the City on land generally located at the southeast quadrant of Interstate 70 and Interstate 470 (the "Development"), as more specifically defined in the Petition to Establish the Independence Events Center Community Improvement District (the "Petition"); and

WHEREAS, the Petition and Ordinance No. <u>16905</u> require the District to enter into an agreement with the City regarding the operation of the District, the imposition, administration and disbursement of the District Sales Tax, the construction and maintenance of the Public Improvements, the process by which the City will be reimbursed by the District for expenses incurred to establish the District, for reviewing the District's annual budget and other reports required to be filed with the City, and for any other relevant aspects of the overall financing for the construction and maintenance of the Public Improvements within the District; and

WHEREAS, the District is authorized under the CID Act to obtain financing, through the imposition of a district-wide sales tax and the issuance of notes or other debt to pay for Public Improvements, as those terms are defined in the Petition, and to enter into this Agreement for such purposes; and

WHEREAS, the City is authorized in accordance with the provisions of the CID Act to review the District's annual budget, to contract with the District, to administer the District Sales tax, and to disburse the District Sales Tax Revenue; and

WHEREAS, the District desires to contract with the City for the City to perform the functions incident to the administration and enforcement of the District Sales Tax.

NOW, THEREFORE, for and in consideration of the premises, and the mutual covenants herein contained, the Parties agree as follows:

# **ARTICLE 1: DEFINITIONS, RECITALS AND EXHIBITS**

### Section 1.1 Recitals and Exhibits.

The representations, covenants and recitations set forth in the foregoing recitals and the exhibits attached to this Agreement are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though they were fully set forth in this Section, and the appropriate exhibits are incorporated into each Section of this Agreement that makes reference to an exhibit.

# Section 1.2. Definitions.

Words and terms defined elsewhere in this Agreement shall have the meanings assigned therein. Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

"Administration Fee" means that amount of the District Sales Tax Revenue that the City shall receive as compensation for performing the administrative duties of the District and administering and accounting for the District Sales Tax, as set forth in this Agreement.

"Applicable Laws and Requirements" means any applicable constitution, treaty, statute, rule, regulation, ordinance, order, directive, code, interpretation, judgment, decree, injunction, writ, determination, award, permit, license, authorization, directive, requirement or decision of or agreement with or by any unit of government.

"Board" or "Board of Directors" means the governing body of the Independence Events Center Community Improvement District.

"Bond Documents" means any bonds, indentures or other financing agreements, disbursement agreements and all other agreements and certificates executed in connection with the issuance of any Obligations.

"CID Act" means the Missouri Community Improvement District Act, Sections 67.1401, et seq., RSMo, as amended.

"City" means the City of Independence, Missouri, a political subdivision and constitutional home rule charter city.

"City Council" means the governing body of the City of Independence, Missouri.

"Debt Service" means an amount required for the payment of interest on, principal of and premium, if any, on Obligations as they come due, for the payment of mandatory or optional redemption payments, and for payments to reserve funds required by the terms of the Obligations to retire or secure the Obligations.

"District Sales Tax" means the sales tax levied by the District on the receipts from the sale at retail of all tangible personal property or taxable services at retail within its boundaries pursuant to the CID Act in the amount not to exceed one percent (1.0%), as established by resolution of the District and approved by the qualified voters of the District and in accordance with the plan set forth in Article 3 of this Agreement.

"District Sales Tax Revenues" means the monies actually collected, pursuant to this Agreement and the CID Act, from the imposition of the District Sales Tax.

"Effective Date" means the date that this Agreement is fully executed by the parties.

"Event of Default" means any event specified in Section 6.1 of this Agreement.

"Events Center" means a structure to be constructed by or at the direction of the City on the property described in <u>Exhibit A</u>, which shall serve as public facilities for an arena and event center space, as directed by and in accordance with contracts entered into by the City.

"Excusable Delays" means delays due to acts of terrorism, acts of war or civil insurrection, strikes, riots, floods, earthquakes, fires, tornadoes, casualties, acts of God, labor disputes, governmental restrictions or priorities, embargoes, national or regional material shortages, failure to obtain regulatory approval from any Federal or State regulatory body, unforeseen site conditions, material litigation by parties other than the Parties not caused by the Parties' failure to perform, or any other condition or circumstances beyond the reasonable or foreseeable control of the applicable party using reasonable diligence to overcome which prevents such party from performing its specific duties or obligation hereunder in a timely manner.

"Fiscal Year" means July 1 through June 30 of each year, which Fiscal Year coincides with the City's fiscal year.

"Obligations" means any bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by or at the direction of the City, the District or any other public entity at the direction of the City, which pay for the Public Improvements, in whole or in part, or to refund outstanding Obligations.

"Operating Costs" means the actual, reasonable expenses which are necessary for the operation of the District which shall include, but are not limited to, costs associated with notices, publications, meetings, supplies, equipment, photocopying, the engagement of special legal counsel, financial auditing services, and other consultants or services. Time expended by City employees, and materials and supplies used by the City, in the performance of the administrative services set forth in Section 3.2, for which the City receives the Administration Fee, shall not be included as Operating Costs. Costs incurred by the District or City to add property to the District, as allowed by the CID Act, shall be treated as Operating Costs. Costs incurred by the City regarding enforcement of the District Sales Tax in the performance of any actions authorized in Section 3.5 shall also be treated as Operating Costs.

"Ordinance" means an ordinance enacted by the City Council.

"Petition" means the Petition to Establish the Independence Events Center Community Improvement District, filed with the City Clerk of Independence, Missouri, on November 30, 2007.

"Public Improvements" means those improvements described in <u>Exhibit B</u>, along with any other Public Improvements that may be approved by the District in accordance with the CID Act and this Agreement.

"Public Improvement Costs" means all actual and reasonable costs and expenses which are incurred by or at the direction of the City with respect to construction of the Public Improvements, including the actual and reasonable cost of labor and materials payable to contractors, builders, suppliers, vendors and materialmen in connection with the construction contracts awarded in connection with the Public Improvements that are constructed or undertaken, plus all actual and reasonable costs to plan, finance, develop, design and acquire the Public Improvements, including but not limited to the following:

A. actual and reasonable costs of issuance and capitalized interest, if any, for any Obligations issued to finance the Public Improvements;

B. actual and reasonable fees and expenses of architects, appraisers, attorneys, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and items necessary to the commencement of construction, financing, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, attorneys, surveyors and engineers in relation to the construction of the Public Improvements and all actual and reasonable costs for the oversight of the completion of the Public Improvements including overhead expenses for administration, supervision and inspection incurred in connection with the Public Improvements; and

C. all other items of expense not elsewhere specified in this definition which may be necessary or incidental to the review, approval, acquisition, construction, improvement and financing of the Public Improvements and which may lawfully be paid or incurred by the District under the CID Act.

An estimate of the Public Improvement Costs is set forth in <u>Exhibit B</u>, but that estimate is not intended to limit in any way the Public Improvement Costs defined herein.

"Trustee" means the banking entity named by or at the direction of the City as bond trustee in connection with the issuance of any Obligations.

#### **ARTICLE 2: REPRESENTATIONS**

Section 2.1. Representations by the District. The District represents that:

A. The District is a community improvement district and political subdivision, duly organized and existing under the laws of the State of Missouri, including particularly the CID Act.

B. The District has authority to enter into this Agreement and to carry out its obligations under this Agreement. By proper action of its Board of Directors, the District has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers.

C. The Public Improvements are authorized in the Petition. The Public Improvements will be financed by collective action of the Parties.

D. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, and the performance of or compliance with the terms and conditions of this Agreement by the District will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the District is a party or by which it or any of its property is bound, or any order, rule or regulation of any court or governmental body applicable to the District or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District under the terms of any instrument or agreements to which the District is a party.

E. Consideration and public benefit: The District acknowledges that construction of the Public Improvements is of significant value to the District, the property within the District and the general public. The District finds and determines that the Public Improvements will promote the economic welfare and the development of the City and the State of Missouri through: (i) the creation of temporary and permanent jobs; (ii) stimulating additional development in the area near the Events Center and the Public Improvements; (iii) increasing local and state tax revenues; and (iv) providing necessary improvements for the District and for other surrounding development. Further, the District finds that the Public Improvements and the Events Center conform to the purposes of the CID Act.

F. There is no litigation or proceeding pending or threatened against the District affecting the right of the District to execute or deliver this Agreement or the ability of the District to comply with its obligations under this Agreement or which would materially adversely affect its financial condition.

Section 2.2. Representations by the City. The City represents that:

A. The City is duly organized and existing under the Constitution and laws of the State of Missouri as a constitutional home rule charter city.

B. The City has authority to enter into this Agreement and to carry out its obligations under this Agreement, and the City Manager of the City is duly authorized to execute and deliver this Agreement.

C. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, and the performance of or compliance with the terms and conditions of this Agreement by the City will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the City is a party or by which it or any of its property is bound, or any order, rule or regulation of any court or governmental body applicable to the City or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City under the terms of any instrument or agreement to which the City is a party.

D. There is no litigation or proceeding pending or threatened against the City affecting the right of the City to execute or deliver this Agreement or the ability of the City to comply with its obligations under this Agreement.

# **ARTICLE 3: DISTRICT SALES TAX**

#### Section 3.1. Imposition of the District Sales Tax.

A. The District shall approve a resolution that, subject to qualified voter approval, imposes the District Sales Tax. The District shall annually appropriate all District Sales Tax Revenues by resolution in accordance with this Agreement. The District Sales Tax shall be collected by the Missouri Department of Revenue as provided in the CID Act. The City shall receive the District Sales Tax Revenue from the Department of Revenue, which shall be disbursed in accordance with this Agreement.

B. District Sales Tax Plan. The District Sales Tax shall initially be imposed at a rate of onehalf of one percent (0.5%) for a period of years to be specified by the City, which the Parties anticipate will be twenty (20) years. Thereafter, the District Sales Tax shall be increased to a rate to be directed by the City, which the Parties anticipate will be five-eighths percent (0.625%). Nothing in this Agreement shall limit the ability of the District to impose the District Sales Tax at the maximum rate of one percent (1.0%) at any time, as directed by the City. The rate of the District Sales Tax to be set in accordance with this paragraph shall be an amount that provides for Debt Service of the Obligations, as directed by the City, and pays for the Administrative Fee, Operating Costs and other eligible CID costs and expenses.

#### Section 3.2. District Administration and Sales Tax Duties.

The Parties anticipate that the District Sales Tax will be collected by the Missouri Department of Revenue, as provided in the CID Act. The City agrees to perform for the District all functions incident to the administration and enforcement of the District Sales Tax, to the extent not performed by the state,

pursuant to the CID Act and this Agreement. The District shall enact a resolution that (i) imposes the District Sales Tax (subject to qualified voter approval), (ii) authorizes the City to perform all functions incident to the administration, enforcement and operation of the District Sales Tax, to the extent not performed by the state, and (iii) prescribes any required forms and administrative rules and regulations for reporting and collecting the District Sales Tax. The District shall also notify the Missouri Department of Revenue, in substantial compliance with the form set forth in **Exhibit C**, that the District authorizes the City, on behalf of the District, to receive from the Missouri Department of Revenue all of the District Sales Tax Revenues. The District Sales Tax Revenues shall be deposited by the City in a bank account separate from other bank accounts of the City and in accordance with the resolution adopted by the District. The District may amend the forms, administrative rules and regulations applicable to the administration, collection, enforcement and operation of the District Sales Tax, as needed.

# Section 3.3. Administration Fee.

A. The City shall receive an Administration Fee for administering and accounting for the District Sales Tax in the amount of two percent (2%) of the total District Sales Tax Revenues for performing the duties set forth in this Agreement. The City shall also receive from the District a one-time payment of \$1200 to reimburse the City for establishing the accounts and other administrative set-up costs and expenses. The City shall also be reimbursed by the District for any costs and expenses incurred in connection with any collection or enforcement issues associated with the District Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue.

B. The Administration Fee authorized in this Section shall be calculated using the total District Sales Tax Revenues generated within the District, including those amounts that are captured as economic activity taxes pursuant to any tax increment financing plan..

C. In the event that the Administration Fee does not fully reimburse the City for actual costs and expenses incurred in fulfilling its obligations under this Agreement, the City shall receive reimbursement for those actual costs that exceed the Administration Fee. In the event that there are insufficient funds in any Fiscal Year to cover the actual costs incurred by the City, any unpaid Administration Fee shall be paid in subsequent Fiscal Years.

D. The City may, at its own election, apply any Administration Fee it receives pursuant to this Agreement to pay for reimbursable Public Improvement Costs or Operating Costs.

#### Section 3.4. Operating Costs.

The City, on behalf of the District, shall pay for the Operating Costs of the District from District Sales Tax Revenue. The Operating Costs shall be included in the District's annual budget, as provided in <u>Section 4.4</u>. In the course of performing the administrative duties set forth in <u>Section 3.2</u> or enforcement duties set forth in <u>Section 3.5</u>, the City may incur Operating Costs for the District which shall be approved by the District.

### Section 3.5. Enforcement of the District Sales Tax.

The District authorizes the City, to the extent required or authorized by the Missouri Department of Revenue, to take all actions necessary for enforcement of the District Sales Tax. The City may, in its own name or in the name of the District, prosecute or defend an action, lawsuit or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure the payment of the District Sales Tax. The District hereby agrees to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the District in any such action, lawsuit or proceeding if the City shall so request. All actions taken by the City for enforcement and any legal proceeding filed by

the City for enforcement and collection of the District Sales Tax shall be treated as Operating Costs of the District.

#### Section 3.6. Distribution of the District Sales Tax Revenue.

Beginning in the first month following the effective date of the District Sales Tax and continuing each month thereafter until the expiration or repeal of the District Sales Tax, the City shall, not later than the fifteenth (15th) day of each month distribute the District Sales Tax Revenues received in the preceding month in the following order of priority:

- A. The City shall pay the Administration Fee.
- B. The City shall pay the Operating Costs of the District.
- C. The City shall make any Debt Service payments, to the extent required for outstanding Obligations.
- D. The City shall disburse all remaining District Sales Tax Revenue to pay for Public Improvement Costs actually incurred by the City, to the extent not paid from the proceeds of Obligations.

In the event that other funding sources are approved by the City and imposed by the District, revenue from such additional sources of funds shall be expended in the order of priority as set forth in this <u>Section</u> <u>3.6</u>, unless otherwise specifically approved by the City.

### Section 3.7. Effect of Obligations.

The Parties acknowledge that the CID Act and the Petition authorized the District to issue Obligations and that the priority for distribution of the District Sales Tax Revenue set forth in <u>Section 3.6</u> may be modified by Bond Documents. In the event of a conflict between the terms of this Agreement and any documents creating Obligations, the documents creating the Obligations will control with respect to priority of disbursement of District Sales Tax Revenue.

### Section 3.8. Records of the District Sales Tax.

The City shall keep accurate records of the District Sales Tax due and collected and copies of such records shall be made available to the District on a monthly basis. Any City records pertaining to the District Sales Tax shall be provided to the District upon written request of the District, as permitted by law.

# Section 3.9. Repeal of the District Sales Tax.

Unless extended in accordance with this Section, the District shall implement the procedures in the CID Act for repeal of the District Sales Tax and abolishment of the District (1) when all Obligations have been retired, or (2) thirty five (35) years following approval of the District by ordinance, whichever occurs first. The District shall not implement the procedures for repeal or modification of the District Sales Tax and abolishment of the District if: (1) any District Sales Tax Revenue is due to the City for outstanding Administration Fees; (2) the District, with the prior written consent of the City, has approved another project pursuant to the CID Act; or (3) the duration of the District has been extended by mutual agreement of the Parties in compliance with the CID Act. The City's obligation to perform for the District all functions incident to the administration, enforcement and operation of the District Sales Tax, the City shall:

A. Retain the City's Administration Fee to which it is entitled in accordance with this Agreement.

# B. Pay all outstanding Operating Costs.

C. Retain any remaining District Sales Tax until such time as the District is abolished and the District has provided for the transfer of any funds remaining in a manner permitted by the CID Act.

# **ARTICLE 4: FINANCING DISTRICT PROJECTS**

".a. . . . . .

and an English the set of Cards

#### Section 4.1. Design and Construction of Public Improvements.

The Public Improvements shall be designed and constructed by or at the direction of the City, and the District shall not have an obligation to design and to construct the Public Improvements. The Public Improvements shall be designed and constructed on a schedule to be determined by the City, in accordance with applicable City-approved zoning and subdivision ordinances and associated plans and specifications.

### Section 4.2. Financing the Public Improvements.

The District shall impose the District Sales Tax within the boundaries of the District to fund the Public Improvements and other costs authorized by this Agreement. The District shall not use or impose any taxes other than a District Sales Tax or impose any other funding mechanisms unless the City Council, by Ordinance, modifies the limitations on the District's authority as set forth in the Petition. The District may also incur Obligations in one or more series for the purpose of funding all, or an appropriate portion of, the Public Improvements. Reimbursable Public Improvement Costs shall be paid to the extent that funds are available from the proceeds of Obligations or from District Sales Tax Revenues in the order of priority set forth in <u>Section 3.6</u>.

#### Section 4.3. Ownership and Maintenance of Public Improvements.

The City, the District or the Developer shall own the Public Improvements, as directed by the City and in accordance with any applicable contacts executed by the City. Maintenance of the Public Improvements shall also be as directed by the City, and the Parties may enter into a separate agreement or amend this Agreement, as appropriate, to provide for maintenance of the Public Improvements. The City shall arrange for obtaining and maintaining insurance for the design, construction, operation and maintenance of the Public Improvements.

#### Section 4.4. Annual Budget.

The City, on behalf of the District, shall annually prepare or cause to be prepared a budget (the "**Budget**") and an annual report (the "**Report**") describing the major activities of the District during the preceding year and upcoming year. The Budget and Report shall be reviewed by appropriate City staff and officials, as determined by the City in accordance with the CID Act not less than ninety (90) days prior to the intended date of approval of the Budget by the District. Not later than the first day of each Fiscal Year of the District, the Board of Directors shall adopt a Budget for the District for the ensuing budget year, for every fund of the District of any kind, in such a manner as may be provided by law. If the Board of Directors fails to adopt a Budget by the first day of a Fiscal Year, the District shall be deemed to have adopted for such Fiscal Year a Budget, which provides for application of the District's sales tax revenues collected in such Fiscal Year in accordance with the budget for the prior Fiscal Year.

#### Section 4.5. New Public Improvements.

The District may use District Sales Tax Revenue, as such revenues are available, to pay Public Improvement Costs for new District projects which have been determined by the City Council to be necessary and approved in accordance with the CID Act. The District shall not undertake new District projects without the prior approval of the City Council. Payments due to the City pursuant to the priority established in <u>Section 3.6</u> for Administration Fees shall take priority over any costs associated with new District projects.

### Section 4.6. Coordination with Tax Increment Financing Plans.

The Parties acknowledge that the City has previously approved several tax increment financing ("TIF") plans within the boundaries of the District, and that by the normal operation of such TIF plans, one-half of the CID Sales Tax Revenue will be captured as economic activity taxes ("EATs") in the special allocation funds maintained by the City in connection with each approved TIF plan within the District. The City will use best efforts to amend the TIF plans to provide for the return of the captured EATs to the District to be expended in accordance with the CID Sales Tax Revenues as provided in this Agreement. Costs and expenses incurred by the City to amend the TIF Plans to provide for the expenditure of EATs in accordance with this Agreement shall be reimbursed to the City from the proceeds of Obligations.

### **ARTICLE 5: SPECIAL COVENANTS**

# Section 5.1. Records of the District.

A. The City shall be the official record keeper of the District, and shall keep proper books of record and account on behalf of the District in which full, true and correct entries will be made of all dealings or transactions of or in relation to its business affairs in accordance with generally accepted accounting principles consistently applied, and will furnish to the District, the original purchasers of any Obligations, the Trustee, the trustee of any subsequently issued Obligations, and to any requesting owner or owners of ten percent (10%) or more in aggregate principal amount of the bonds then outstanding, such information as they may reasonably request concerning the District, including such statistical and other operating information requested on a periodic basis, in order to enable such parties to determine whether the covenants, terms and provisions of this Agreement have been met.

B. The District shall furnish to the state auditor an annual report of the financial transactions of the District in accordance with Section 105.145, RSMo, and all rules and regulations promulgated to implement that financial reporting requirement, no later than ninety (90) days following the end of each Fiscal Year of the District. All pertinent books, documents and vouchers relating to District business, affairs and properties shall at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof provided that the confidentiality of all records shall be maintained pursuant to such confidentiality agreements as reasonably required) as shall from time to time be designated and compensated by the inspecting party.

C. All professional services for the District, including legal and engineering services, shall be performed pursuant to an engagement letter or contract between the District and the service provider, which shall be approved by resolution of the District.

### Section 5.2. Records of the City.

The City shall keep and maintain adequate records pertaining to disbursements for reimbursement or payment of the costs of the Public Improvements and Debt Service on any Obligations issued to finance the Public Improvements. Such records shall be available for inspection by the District and the Trustee of any outstanding bonds upon reasonable notice.

### Section 5.3. District Board of Director Qualifications.

The Parties agree that, in addition to the requirements applicable to the Board of Directors under the CID Act, the Board of Directors shall, at all times, consist of at least three persons who are also appointed or elected officials of the City or who are City employees (collectively, the "City Qualification"). The Parties agree that the Bylaws shall at all times provide that if a District director ceases, for any reason, to meet the City Qualification, then such director's term of office as a District director shall automatically terminate. In the event of a vacancy caused by such termination then an interim director shall be

appointed by the Mayor with the consent of the City Council, and thereafter the successor director shall be appointed as provided in the Bylaws.

# **ARTICLE 6: DEFAULTS AND REMEDIES**

#### Section 6.1. Default and Remedies.

An Event of Default shall occur upon the failure by either Party in the performance of any covenant, agreement or obligation imposed or created by this Agreement and the continuance of such failure for fifteen (15) days after the other Party, or the Trustee of any outstanding Obligation, has given written notice to such Party specifying such failure.

Subject to any restrictions contained in the Bond Documents for any outstanding Obligations that are issued against acceleration of the maturity of any such Obligations, if any Event of Default has occurred and is continuing, then the non-defaulting party may, upon its election or at any time after its election while such default continues, by mandamus or other suit, action or proceeding at law or in equity, enforce its rights against the defaulting party and its officers, agents and employees, and require and compel duties and obligations required by the provisions of this Agreement.

### Section 6.2. Rights and Remedies Cumulative.

The rights and remedies of either Party under this Agreement and those provided by law shall be construed as cumulative and continuing. No one of them shall be exhausted by the exercise thereof on one or more occasions. Both Parties shall be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Agreement, notwithstanding availability of an adequate remedy at law, and both Parties hereby waive the right to raise such defense in any proceeding in equity.

#### Section 6.3. Waiver of Breach.

No waiver of any breach of any covenant or agreement contained in this Agreement shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of an Event of Default, a non-defaulting Party may nevertheless accept from the defaulting party, any payment or payments without in any way waiving the non-defaulting party's right to exercise any of its rights and remedies as provided herein with respect to any such default or defaults in existence at the time when such payment or payments were accepted by the non-defaulting party.

### Section 6.4. Excusable Delays.

No Party shall be deemed to be in default of this Agreement because of Excusable Delays. Excusable Delays shall extend the time of performance for the period of such Excusable Delay.

### **ARTICLE 7: MISCELLANEOUS**

#### Section 7.1. Effective Date and Term.

المتحد ومعاومين ووروان وتقريبهم المعقان ومقوات ومردا ووروان والتراري وتراري الم

This Agreement shall become effective on the date this Agreement has been fully executed by the Parties. This Agreement shall remain in effect for as long as the District is legally in existence.

and a second second

#### Section 7.2. Immunities.

No recourse shall be had for the payment of the principal of, or premium or interest on, any Obligations or for any claim based thereon, or upon any representation, obligation, covenant or agreement in this Agreement contained against any past, present or future officer, member, employee, director or agent of the City or the District, or of any successor thereto, as such, either directly or through the City or the District, or any successor thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

#### Section 7.3. Modification.

The terms, conditions, and provisions of this Agreement can not be modified or eliminated except in writing and by mutual agreement between the City and the District. Any modification to this Agreement as approved shall be attached hereto and incorporated herein by reference.

#### Section 7.4. Jointly Drafted.

The Parties agree that this Agreement has been jointly drafted and shall not be construed more strongly against another Party.

#### Section 7.5. Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

### Section 7.6. Common Representation.

The City and the District agree that the engagement of common special legal counsel for the City and the District does not materially limit the representation of the District or the City and will not adversely affect the relationship between the District and the City. To the extent that such common legal representation presents a conflict of interest, the City and the District hereby consent to common representation.

#### Section 7.7. Validity and Severability.

It is the intention of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of State of Missouri, and that the unenforceability (or modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable, or impair, the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be deemed invalid or unenforceable in whole or in part, this Agreement shall be deemed amended to delete or modify, in whole or in part, if necessary, the invalid or unenforceable provision or provisions, or portions thereof, and to alter the balance of this Agreement in order to render the same valid and enforceable.

#### Section 7.8. Execution of Counterparts.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

# Section 7.9. City Approvals.

Unless specifically provided to the contrary herein, all approvals of the City hereunder may be given by the City Manager or his or her designee without the necessity of any action by the City Council.

# Section 7.10. District Approvals.

Unless specifically provided to the contrary herein, all approvals of the District hereunder may be given by the Executive Director or his or her designee without the necessity of any action by the Board of Directors.

### **REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK**

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

ATTEST:

Bruce Lowrey, City

THE CITY OF INDEPENDENCE, **MISSOURI** 

By: ∠ Robert E. Heacock, City Manager

Ord. 4/6906

APPROVED AS TO FORM: B. Allen Garner, City Counselor

# INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

By: Larry Kaufman Executive Director

ATTEST: rechel + 0

Name: <u>Vernen Metrel</u> Title: Secretary

# EXHIBIT A

# **DESCRIPTION OF THE EVENTS CENTER PROPERTY**

### **TRACT I**

All of the North ½, the South ½, including that portion thereof platted as Lots 1, 2, 3 and 4, of the Commissioners Plat of Bannister Estate filed for record April 1, 1915 and recorded in Book 337 at Page 260 of Section 29, Township 49, Range 31 and that part of the North ½ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70, Easterly of and adjacent to the Easterly right of way of Interstate Route I-70, Easterly of the Northerly right of way of U.S. Highway No. 40; and Westerly and Northerly of the Westerly boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson, Missouri, as set forth in the Report of Commissioners thereof filed for record as Document No. I-260485 in Book I-706 at Page 519. Excepting from said Tract I that part conveyed to the State of Missouri by the instrument recorded as Document No. 98-I-76205 in Book I-3281, at Page 2109, and further excepting therefrom that part in the Little Blue River and except any part in roads, if any.

# **TRACT II**

···· . .

. . .

All that part of the Northwest ¼ of the Northwest ¼ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70 and East of and adjacent to the Easterly Boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson County, Missouri, as set forth in the Report of Commissioners thereof, filed for record as Document No. I-260485, in Book I-706, at Page 519, and that portion of the Northeast ¼ of the Northeast ¼ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70; West of the West right of way of Selsa Road and North of a line described as follows: Beginning at a point 100 feet West of and 168.01 feet South of the Northeast corner of the South 1/2 of the Northeast 1/4 of the Northeast 1/4 of said Section 28 thence in a Southwesterly direction along the center line of Crackerneck Road as follows: South 38 degrees 19 1/2 minutes West 110.53 feet; thence South 78 degrees 18 <sup>1</sup>/<sub>2</sub> minutes West 178.33 feet; thence South 70 degrees 39 <sup>1</sup>/<sub>2</sub> minutes West 191.35 feet; thence South 58 degrees 39 <sup>1</sup>/<sub>2</sub> minutes West 164 feet; thence South 72 degrees 6 minutes West 103.96 feet; thence North 82 degrees 32 minutes West 92.14 feet; then North 73 degrees 14 1/2 minutes West 170 feet; thence South 72 degrees 24 minutes West to 251.43 feet; thence South 83 degrees 8 minutes West 59.81 feet to the West line of the Northeast 1/4 of the Northwest 1/4 of said Section 28, (last said line taken from Warranty Deed recorded as Document No. 837302 in Book 1694, at Page 483), except that part in roads.

Excepting from Tract II above that part thereof taken in Condemnation Suite CV97-9441 in Circuit Court of Jackson County, Missouri as set forth in the Report of Commissioners therein filed in the Court on July 7, 1997.

والمراجع والمتحد والمتحد والمتحد المراجع والمتحد المراجع والمتحد المراجع والمتحد المراجع والمحال والمحال والمح

# EXHIBIT B

2

33

.....

# DESCRIPTION OF PUBLIC IMPROVEMENTS AND ESTIMATED COSTS

"Public Improvements" includes all costs and expenses associated with planning, designing, engineering and constructing the following improvements:

|                                     | CID PUBLIC<br>IMPROVEMENT COSTS | CID REIMBURSABLE<br>PROJECT COSTS |
|-------------------------------------|---------------------------------|-----------------------------------|
| Events Center Construction<br>Costs | 50,000,000                      | 50,000,000                        |
| Other Public Improvements           | 4,100,000                       | 4,100,000                         |
| Property Acquisition                | 5,900,000                       | 5,900,000                         |
| Improvements Total                  | 60,000,000                      | 60,000,000                        |

and the tax of

### EXHIBIT C

#### FORM OF LETTER TO THE DEPARTMENT OF REVENUE

# THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT 111 E. Maple

Independence, Missouri 64050

, 2007

Missouri Department of Revenue Customer Services Division Sales/Use Tax P.O. Box 3380 Jefferson City, MO 65105-3380

> Re: Remittance of sales tax revenue for the Independence Events Center Community Improvement District to the City of Independence, Missouri

Dear Sir or Madam:

The Independence Events Center Community Improvement District (the "District") hereby authorizes the Missouri Department of Revenue (the "Department") to remit directly to the City of Independence, Missouri (the "City") all of the District sales tax revenue collected by the Department. In accordance with a cooperative agreement ("Cooperative Agreement") entered into between the District and the City dated \_\_\_\_\_\_\_, 2007, the City shall deposit all sales tax revenue into a bank account separate from other bank accounts of the City and disburse such funds in accordance with the Cooperative Agreement. Identifying information for the special account is included on the attached ACH agreement.

Pursuant to the Cooperative Agreement, the City will perform all functions incident to the administration of the District sales tax revenue.

Sincerely,

2

Executive Director of the Independence Events Center Community Development District CHAIRMAN: PETER D. KINDER LIEUTENANT GOVERNOR

MEMBERS: IOHN D. STARR RY NEFF SON C. GRUMNEY, JR. PAUL S. LINDSEY RICHARD J. WILSON JAMES D. HILL L. B. ECKELKAMP, JR. DANETTE D. PROCTOR



EX-OFFICIO MEMBERS: GREGORY A. STEINHOFF DIRECTOR, ECONOMIC DEVELOPMENT

KATIE SMITH DIRECTOR, AGRICULTURE

DOYLE CHILDERS DIRECTOR NATURAL RESOURCES

# MISSOURI DEVELOPMENT FINANCE BOARD

EXECUTIVE DIRECTOR: ROBERT V. MISEREZ

DATE: November 7, 2007

Missouri Development Finance Board

FROM: Kathleen Barney

SUBJECT:

TO:

City of Independence Public Infrastructure Bond Application — Resolution of Intent for Multi-Purpose Events Center

**Borrower:** 

City of Independence, Missouri (the "City")

Project:

In July 2007, the City Council voted unanimously in favor of signing a Memorandum of Understanding with Global Entertainment Corporation ("GEC") for the development, management and operation of a Multi-Purpose Events Center ("Events Center") that will be owned by the City. The Events Center will be located at the southeast corner of the intersection of Interstates 70 and 470 adjacent to a Costco store and within the Eastland TIF Redevelopment Area. The Events Center also is near the Bass Pro Store that currently is under construction and the Independence Center Shopping Mall. Plans for the Events Center call for it to have 5,800 fixed seats and an attached facility that will house a second sheet of ice for public ice skating, hockey, and related uses.

GEC has committed to have a Central Hockey League team play at the Events Center for the duration of the GEC contract. GEC owns the Central Hockey League. GEC will pay development costs that exceed \$60 million and any operating losses. The Events Center will have a wide variety of uses including concerts, banquets, graduations, sporting events beyond hockey, trade shows and conventions.

Construction of the Events Center is contingent upon putting a CID in place for the arena and surrounding properties and the imposition of a sales tax by the CID. The City currently is in the process of securing property owner signatures for formation of the CID. Project costs consist of construction of the Events Center, land acquisition, site preparation, improvements to real estate, the construction, improvement and widening of public roads and transportation improvements, and the alteration and relocation of sanitary sewer, water and electric utilities, together with related legal, financing, accounting and design costs.

**Bond Amount:** 

Not to exceed \$110,575,000.

200 MADISON STREET, SUITE 1000 P.O. BOX 567 JEFFERSON CITY, MISSOURI 65102 TELEPHONE: (573) 751-8479 FAX: (573) 526-4418 Visit our Web site at www.mdfb.org

|   |   |  | 57                      |
|---|---|--|-------------------------|
|   |   | ja ja stavisti ta kan an a  |                         |
|   |   |  |                         |
|   | <b>Repayment Source:</b>                                      | City annual appropriation pledge and CID revenues.   |                         |
|   | Bond Term:  | Not to exceed 30 years.  |                         |
|   | City Contact:   | James Harlow, Director of Finance and Administration   | 2.30<br>8758            |
|   |   |  | par mente<br>Si interne |
|   | <u>Fees</u> :   | Application Fee of \$2,500 each (collected)<br>Issuance Fee: 25bp - \$75,000 (maximum fee)   |                         |
|   | Rating:   | A+ from Standard & Poor's is expected  | i.                      |
|   | Parties to this   |  |                         |
|   | Transaction:  | Bond Counsel/Issuer Counsel: Gilmore & Bell, P.C.<br>Underwriter: Piper Jaffray & Co.  |                         |
| •<br>• •<br>•                               | Recommendation:   | Staff recommends the adoption of the enclosed Resolution of Intent for one of more series of bonds not to exceed \$110,575,000 for the City to fund the Multi-Purpose Events Center. |                         |
|   | Appendices:   | Appendix A — Application   | <b>ل</b> د 1            |
| , statistické nativ vo prvo v v             |   | Appendix B — Resolution of Intent  |                         |
|   | · .   |  | •••• <b>•</b> •         |
| augu a the angle of the fight of material a | n na si in s<br>Na si in si in sina manananana ang si si in s |  |                         |
|   |   |  | <u> </u>                |
|   |   |  |                         |
|   |   |  | 1)                      |
|   |   |  | ]                       |
|   |   |  |                         |
|   | ; '   |  |                         |
|   | · · ·   |  |                         |
|   | · · · · · · ·   |  |                         |
| •   |   |  | (]                      |
|   |   |  | Ľ.                      |
|   |   |  | 1                       |
|   | · · · · · · · · · · · · · · · · · · ·                         |  |                         |
|   |   |  |                         |
| . ·   | · .   |  |                         |
| •   | · .   |  | 1                       |
|   |   |  | 1                       |
|   | . 、   | -2-  | Π                       |
| ·.  |   |  | <u>.</u>                |

# MISSOURI DEVELOPMENT FINANCE BOARD

EC

E

MISSOURI DEVELOPMENT FINANCE BOARD

200 Madison Street, Ste. 1000 P. O. Box 567 Jefferson City, Missouri 65102 (573) 751-8479

# Public Entity Loan Program Application

The undersigned Applicant hereby submits this Application and requests the Missouri Development Finance Board (the "Board") to make a loan to the Applicant (the "Loan") for the purpose of financing the Project described below (the "Project").

The undersigned hereby agrees that the submission of this Application to the Board, and the Board's adoption of a Resolution indicating an intent to make the Loan to provide funds for the Project will not give rise to an obligation by the Board to fund such Project in the amount requested or in any amount. The undersigned further understands and agrees that there is no assurance that the Loan will be extended by the Board or that Loan proceeds will be sufficient to fund the Project as hereby requested.

For the Board to consider an application, it must be complete with all required attachments or supporting documentation and received by Board staff on the first Monday of the month in which the applicant wishes to be considered. If this date is a state or federal holiday the application is due on the next business day. Applicants are encouraged to work with Board staff prior to submitting the final application to determine if additional information is needed. If sufficient information is not present, the application will be held until a subsequent meeting.

Preliminary resolutions of intent expire 180 days after the date of adoption by the Board. Final authorizing resolutions expire 90 days after the date of Board adoption. Preliminary resolutions for applications processed to the Final Resolution stage, or, not closed prior to expiration of the Final Resolution can only be extended or reauthorized by the Board at a regularly scheduled meeting. If a resolution has expired and the applicant wishes to proceed in closing, then all information in the application must be updated and the applicant, and sub-applicant if applicable, must certify in writing that no material adverse changes have occurred in their financial condition or any other aspect of the project prior to being represented to the Board.

The Board encourages the involvement of minority and women-owned businesses in all of its programs and purchases.

| Date:    | October 29, 2007              | Amount of Loan                        | Requested: <u>\$ 110,575,000</u> |
|----------|-------------------------------|---------------------------------------|----------------------------------|
|          |                               | Term of Bond                          | Requested: Up to 30 Years        |
| Name:    | City of Independence, Missour | i                                     |                                  |
| Address: | 111 E. Maple                  |                                       |                                  |
| City     | Independence                  | County: Jackson                       | Zip Code: 64050                  |
| Contact: | James C. Harlow               | Telephone:                            | 816.325.7173                     |
| Title:   | Director of Finance & Adminis | tration                               | Fax: 816.325.7075                |
| E-mail:  | jharlow@indepmo.org           | · · · · · · · · · · · · · · · · · · · |                                  |

In which state legislative and U.S. Congressional District(s) is the Project located.

| House:   | 49 <sup>th</sup> , 51 <sup>st</sup> , 52 <sup>nd</sup> , 53 <sup>rd</sup> , 54 <sup>th</sup> , 55 <sup>th</sup> |                                |  | · · · · |
|----------|---|--------------------------------|--|---------|
| Senate:  | 8 <sup>th</sup> , 9 <sup>th</sup> , 11 <sup>th</sup> , 21 <sup>st</sup>   |                                |  |         |
| U.S. Con | gressional District:  | $5^{\text{th}}, 6^{\text{th}}$ |  |         |

| Federal ID No. (F | EIN)   | 44-6000190 |      |
|-------------------|--------|------------|------|
| MITS/Missouri II  | D No.  | 11152966   | <br> |
| NAICS Code*       | 236220 |            | <br> |

\*NAICS – North American Industry Classification System. The Federal Office of Management and Budget (OMB) adopted the NAICS as the industry classification system used by the statistical agencies of the United States. NAICS replaces the 1987 Standard Industrial Classification (SIC). The NAICS is used for classifying business establishments to assist with gathering data related to measuring productivity, unit labor costs, and the capital intensity of production, employment and other information. Missouri businesses are assigned a NAICS when the company files a "Report to Determine Liability Status" with the Missouri Department of Labor and Industrial Relations, Division of Employment Security to determine Unemployment Tax Liability. Normally, a general business employer becomes liable for the tax and responsible for providing unemployment insurance for its workers when it:

• Pays \$1,500 in wages (cash and in-kind) in a calendar quarter, or

• Has an employee in some portion of a day in each of 20 different weeks, or

• Becomes liable under the Federal Unemployment Tax Act (FUTA) and employs a worker in Missouri, or

• Acquires and continues without interruption substantially all the business of a liable employer.

#### THE APPLICANT Α.

#### 1. Organization:

3.

4

Municipal Corporation What type of governmental entity is the Applicant? If city, what class: Constitutional Charter

#### Legal Counsel to the Applicant: 2.

| Firm Name: | B. Allen Garner, City Counse | elor     | /          |                  | · ·     |
|------------|------------------------------|----------|------------|------------------|---------|
| Address:   | 111 E. Maple                 |          | · .        |                  |         |
| City       | Independence                 | _ State: | MO         | Zip Code:        | 64050   |
| Contact:   | (See Above)                  | ]        | Telephone: | 816.325.72       | 16      |
| E-mail:    | agarner@indepmo.org          |          | F          | ax: <u>816.3</u> | 25.7219 |
| 1          |                              |          |            |                  |         |

What is the annual average unemployment rate for the City or the County where the Applicant is located for the last three years? Circle below which numbers are cited.

| . • |               |   | Unem  | ployme | nt Rat | te ' |
|-----|---------------|---|-------|--------|--------|------|
|     | Year          | • |       | as a % |        |      |
|     | 2004          |   | · · · | 6.4    |        |      |
|     | 2005          |   |       | 5.8    |        |      |
|     | 2006          |   |       | 5.2    |        |      |
|     | 2007 - August |   |       | 5.4    |        |      |
| -   |               |   |       |        |        |      |

List the ten largest employers in the County (City if Applicant is an SMSA) in which the Applicant is located, the assessed valuation of the property owned by such employer in the County, and the total number of people employed in the County.

|       |                                 |      | •          |
|-------|---------------------------------|------|------------|
|       | Name of Employer                |      | <u>Åss</u> |
| 1.    | Alliant Tech Systems            |      | 0          |
| 2.    | Independence School District    |      | 0          |
| 3.    | City of Independence            |      | 0          |
| 4.    | Independence Reg. Health Ctr. } |      | \$20,      |
| 5.    | Medical Center of Independence  |      |            |
| 6.    | Government Employee Health      |      | \$421      |
| 7.    | Rosewood Health Center          |      | 0          |
| 8.    | Burd & Fletcher                 |      | 0.         |
| 9.    | Unilever                        |      | \$2,0      |
| 10.   | Jackson County Circuit Court    |      | 0          |
| • • • | Total County Employment         | • .• |            |

sessed Value Number Employed 2,250 1,800 1,176 ,793,567 1,035 565 1,251 550 400 350 040.860 330 274 325,188

5. What is the total population of the Applicant? <u>116,359 est.</u>

# **B.** THE PROJECT

Х

1.

# Project Description:

Construction of new facilities

Additions or improvements to existing facilities

Refinancing of existing facilities

Location of Project Site:

Intersection of I-70 and I-

|                       | · · ·        | A . *    |
|-----------------------|--------------|----------|
| 470 (Eastland Center) | Independence | Jackson  |
| (Street)              | (City)       | (County) |

Legal description of property:

Commencing at the Northwest corner of Lot "7-D", REPLAT OF PART OF LOT 7, EASTLAND CENTER, 2<sup>ND</sup> PLAT, AREA IV, a subdivision in Independence, Jackson County, Missouri; thence N80°12'14"W, along the prolongation of the North line of said Lot "7-D", a distance of 925 feet to the Point of Beginning; thence S 11°00'00"W to the centerline of Russell Creek, a tributary of the Little Blue River; thence following the centerline of said creek Southwest to its intersection with the East right-of-way line of Interstate 470/M-291; thence leaving said creek centerline, North along the East right-of-way line of Interstate 470/M-291 to its intersection with the South right-of-way line of Interstate 70; thence East along said South right-of-way line to the Point of Beginning, except that part located in Lot 1, EASTLAND CENTER, 1<sup>ST</sup> PLAT, a subdivision in Independence, Jackson County, Missouri.

Description of the Project, including land, buildings (type and size), improvements, machinery and equipment to be acquired or constructed, the principal use of the facilities once acquired or constructed, and the owner/occupant of the proposed Project upon completion. (attach Exhibits if necessary):

Proceeds of the Bonds will be used to construct a multi-purpose events center which will be owned by the City of Independence. The facility will have 5,800 fixed seats and include a second sheet of ice for public ice skating. The primary tenant of the events center will be a hockey team in the Central Hockey League. Operation of the facility will be leased to Global Entertainment.

Has construction of the Project commenced?

No

Yes X

If yes, state the date construction commenced, the extent of such construction, and the time needed to complete each remaining portion of the Project:

# Project Costs:

Source of Funds:

State amount and sources of financing for all of the Project costs listed above.

| Sources                         | Amount                |
|---------------------------------|-----------------------|
| Application Proceeds            | <b>\$ 110,575,000</b> |
| Applicant's Funds               | \$                    |
| Federal Funds                   | \$                    |
| Other State Funds               | \$                    |
| Private Funds (Please describe) | \$                    |
| Other (Please describe)         | \$                    |
| TOTAL                           | \$ 110,575,000        |

Present legal owner of Project site: Crackerneck Country Club, Inc.

If presently owned by Applicant, indicate date of purchase, reason for purchase, and current use of site:

Is there a relationship legally or by virtue of common control between either the current Project user or owner or the proposed Project owner and user or seller of the Project:

a den de la la

X Yes No If so, please explain.

Global Entertainment, on behalf of the City of Independence, has a contract to purchase the land.

. .

Uses of Funds:

On the following table, state the costs reasonably necessary for the acquisition of the site and/or construction of the proposed Project together with any machinery and equipment in connection therewith, including any utilities hook-up, access roads, or appurtenant structures.

2.

| · · · · · · · · · · · · · · · · · · · | Desc                  | ription of Estimated Project Costs  | Total Project<br><u>Amount</u> | Cost Financed<br>with Application<br><u>Proceeds</u> |  |
|---------------------------------------|-----------------------|---|--------------------------------|--|--|
| •                                     | A.                    | Acquisition of Land   | \$7,540,000                    | \$7,540,000  |  |
|                                       | 1 1.                  | Acquisition of Existing Buildings   | \$                             | \$   |  |
|                                       | B.                    | Infrastructure Costs:   | \$                             | \$   | •  |
|                                       | <b>D</b> .            | 1. Filling, grading and provision of drainage   | \$                             | \$   | •  |
|                                       |                       | 2. Storm water retention  | \$                             | \$   | •  |
|                                       |                       | 3. Installation and extension of utilities (offsite):   | \$                             | \$   |  |
|                                       |                       | a. water  | <u> </u>                       | \$   |  |
|                                       |                       | b. sewer  | \$                             | \$   | · · ·  |
| · ·                                   |                       | c. sewage treatment   | \$                             | \$   |  |
|                                       |                       | d. gas  | \$                             | \$   |  |
| :                                     |                       | e. electricity  | \$                             | \$   |  |
|                                       |                       | f. communications and similar facilities  | \$                             | \$   |  |
|                                       |                       | <ol> <li>Installation and extension of utilities (onsite):</li> </ol>   | \$                             | \$   |  |
|                                       |                       | a. water  | \$                             | \$   |  |
| •                                     |                       | b. sewer  | \$                             | \$   |  |
| 19 January 1 19 1                     | and policitant .      | c. sewage treatment   | <b>¢</b>                       | \$<br>\$   | THE MER CONTRACT OF A CONTRACT   |
|                                       |                       | d. gas  | \$                             | \$   | · .  |
|                                       |                       | -   | \$                             | \$   | · ·  |
| · . ·                                 | 5 8 ST 12             | e. electricity<br>f. communications and similar facilities  | <u>¢</u>                       | \$   |  |
|                                       | ** * ** 100000.00     | ى الاركاني بالا كانتيا كان كان كان كان كان المحكم في التاكيني التي المحتول أكتر الما المحتول ال | <u>.</u>                       | <u> </u>   | د و همانه و مرود و برو و ب |
| •                                     |                       | 5. Construction, extension or improvement of roads and/or rail lines  | ¢                              | ¢  | · · ·  |
|                                       |                       | · · · · · · · · · · · · · · · · · · ·   | <u>.</u>                       | <u> </u>   |  |
|                                       |                       | 6. Extension of sidewalks and curbing   | \$                             | ······································               |  |
| 4                                     |                       | 7. Elimination of Blight (please describe)  | <u> </u>                       | \$   | · · .  |
|                                       | <b>G</b> <sup>1</sup> | 8. Other (please describe)  | <u>\$</u>                      | \$   | · · ·  |
|                                       | C.                    | Facility Construction Costs (exclude inventory and we   | orking capital):               | ሱ  |  |
|                                       | · · .                 | 1. Architectural and Engineering  | \$                             | \$   |  |
|                                       | · · ·                 | 2. Site Preparation   | \$5,460,000                    | \$5,460,000  |  |
| e e gart                              |                       | 3. Materials  | \$                             | <b>\$</b>  | · · ·  |
| ·                                     |                       | 4. Labor  | ·\$                            | \$   |  |
|                                       |                       | 5. Construction Contracts   | \$65,000,000                   | \$65,000,000   |  |
|                                       |                       | 6. Utilities Connection   | \$                             | \$   | ** *<br>•  |
|                                       |                       | 7. Paving and Landscaping   | \$                             | \$   |  |
|                                       | D.                    | Renovation Costs  | \$                             | \$   |  |
|                                       | <b>E</b> . 1          | Machinery and Equipment   | \$                             | \$   |  |
|                                       | F.                    | Furniture and Fixtures  | <u>\$</u>                      | <b>\$</b>  |  |
|                                       | G.                    | Interest During Construction  |                                |  |  |
|                                       |                       | From To   | \$                             | \$   |  |
|                                       | H.                    | Accounting, Legal, Miscellaneous  | \$ 29,900,000                  | \$ 29,900,000  |  |
|                                       | I.                    | Contingency   | \$ 2,600,000                   | \$ 2,600,000   |  |
| •                                     | J.                    | Deposit to Workers' Comp. Reserve   | \$                             | \$   |  |
|                                       | K. 1                  | MDFB Issuance Fee   | \$ 75,000                      | \$ 75,000  |  |
|                                       |                       | TOTAL PROJECT COSTS   | \$110,575,000                  | \$110,575,000  |  |
|                                       |                       |   |                                |  |  |

-

}

:--:,

1.

.)..

• • •

# (Page 6 of 11)

The Board encourages the involvement of minority and women-owned businesses in all of its programs and purchases. The following disclosure is compiled for information purposes only:

|                                    | <u>No. of Firms</u> | <u>\$ Amount</u> |
|------------------------------------|---------------------|------------------|
| Minority Business Enterprise (MBE) | Unknown             |                  |
| Women Business Enterprise (WBE)    | Unknown             |                  |
|                                    |                     |                  |

# C. FINANCIAL INFORMATION

# Financial Statements:

1.

2.

Attach audited financial statements for at least the last five (5) fiscal years, including the most recent interim statement (not more than 90 days old).

(Previously Provided)

# Certified Public Accountant:

List the name of the certified public accounting firm(s) which has (have) performed audits of the Applicant's books and records for the past five years.

# Cochran Head Vick & Co., P. C.

# 3. <u>Financial Difficulties:</u>

Has the Applicant, or any corporation formed by or on behalf of the Applicant, ever defaulted on its debt obligations, been involved in bankruptcy, creditor's rights, or receivership proceedings, or been involved in criminal proceedings bearing on the handling of financial matters?

Yes X No

If yes, please give details.

# 4. Litigation:

5.

Is the Applicant presently involved in any litigation which could have a material effect on its financial solvency?

Yes X No

If yes, please give details.

Please list the Applicant's general fund and other key fund surpluses (or deficits) for the last ten years.

| General Fund      | Power & Light Fund | Water Fund      |   |
|-------------------|--------------------|-----------------|---|
| () for deficits   | () for deficits    | () for deficits | · · · ·   |
| 2007 \$6,734,698  | \$180,095,978      | \$70,523,596    |   |
| 2006 \$7,785,045  | \$173,179,511      | \$69,406,108    |   |
| 2005 \$4,847,655  | \$168,237,122      | \$67,256,762    | A many integration of Advances.                 |
| 2004 \$5,166,504  | \$164,766,287      | \$65,157,662    |   |
| 2003 \$4,959,305  | \$161,626,279      | \$61,509,444    |   |
| 2002* \$7,094,206 | \$156,874,023      | \$59,683,295    | ويرو الإيرانية، الإيرانية                       |
| 2001 \$7,969,017  | \$150,368,846      | \$57,015,125    | a manafa ta |
| 2000 \$6,229,361  | \$140,950,461      | \$54,209,882    |   |
| 1999 \$6,152,180  | \$135,087,245      | \$50,087,709    |   |
| 1998 \$7,785,760  | \$125,776,619      | \$47,404,979    |   |
| A CD 24           |                    |                 |   |

\* Start GASB 34.

6. Does the Applicant's total of direct and overlapping debt (including lease-purchase financing) exceed 5% of assessed valuation for the most recent fiscal year?

Yes

Does the Applicant's annual total of direct, long-term debt payments (including leasepurchase or annual appropriation obligations payable from general revenues) exceed 10% of annual General Fund Revenue?

Yes

7.

X No

Χ

No

(Page 8 of 11)

Has the Applicant ever defaulted on any obligation or-failed to appropriate for any lease or any other annual appropriation obligation during the last 20 years?

Yes X No

If yes, please explain.

8.

9.

10.

List the Applicant's assessed valuation for the last four years.

| Year | Assessed Valuation |
|------|--------------------|
| 2004 | \$1,197,742,533    |
| 2005 | \$1,294,345,907    |
| 2006 | \$1,319,902,510    |
| 2007 | \$1,400,611,015    |

Describe any indebtedness (principal amount, term, interest rate, security) incurred by the Applicant since the date of the Applicant's last audit.

# D. SECURITY FOR THE LOAN

Describe what additional security the Applicant is willing to pledge to secure the Loan:

| 1. | Annual Appropriation:   | Yes | XX | No |    |
|----|-------------------------|-----|----|----|----|
| 2. | TIF Revenues:           | Yes |    | No | XX |
| 3. | Tax Revenues:           | Yes | XX | No |    |
| 4. | Other Fees or Revenues: | Yes |    | No | XX |
| 5. | Real Property:          | Yes |    | No | XX |
| 6. | Other:                  | Yes |    | No | XX |

# E. CERTIFICATION OF APPLICANT:

- I certify that I am an authorized representative of the applicant and as such am authorized to make the statement of affirmation contained herein.
- I certify that the applicant does NOT employ illegal aliens and that the applicant has complied with federal law (8 U.S.C. § 1324a) requiring the examination of an appropriate document or documents to verify that an individual is not an unauthorized alien.
- I understand that if the applicant is found to have employed an illegal alien in Missouri and did not, for that employee examine the document(s) required by federal law, that the applicant shall be ineligible for any state-administered or subsidized tax credit, tax abatement or loan for a period of five years following any such finding.
- I hereby agree to allow representatives of the Department of Economic Development and the Missouri Development Finance Board access to the property and applicable records as may be necessary for the administration of this program.
- I certify under penalties of perjury that the above statements and information contained in the application and attachments are complete, true, and correct to the best of my knowledge and belief.

| City of Independence, Missouri   | October 29, 2007                      | ್ಷ ಮತ್ತು ಕಾರ್ಯವರ್ಷವರು ಕಾರ್ಯಕ್ರಮ ಕಾರ್ಯಕರ್ಷ ಮತ್ತು ಕೊಂಡು ಕಡೆದಿದ್ದಾರೆ.<br>ಮತ್ತು ಕಾರ್ಯವರ್ಷವರು ಕಾರ್ಯಕರ್ಷ ಕಾರ್ಯಕರ್ಷ ಮತ್ತು ಕೊಂಡು ಕಡೆದಿದ್ದಾರೆ. |
|--|---------------------------------------|---|
| NAME OF APPLICANT  | DATE                                  | <u> </u>  |
| Charl Have   | ·                                     | n an an an an an an Africa an Africa an Africa.<br>   |
| SIGNATURE  | · · · · · · · · · · · · · · · · · · · | n ya na zana kata kata kata kata kata kata kata k   |
| James C. Harlow  |                                       |   |
| NAME OF SIGNER   | · ·                                   | <b>-</b>  |
| Director of Finance & Administration   |                                       |   |
| TITLE (printed or typed)   | <u> </u>                              |   |
|  |                                       |   |
| STATE OF MISSOURI )  | · · · ·                               |   |
| ) ss.<br>COUNTY/CITY OF Jackson County)  |                                       |   |
| On this <u>State</u> day of <u>November</u> , 2007, before me,<br>Public in and for said state, personally appeared <u>James C</u> . | Beverly S. Lee                        | , a Notary  |
| Public in and for said state, personally appeared James C.   | Harlow, known                         | to me to be   |
| the person who executed the Certification and acknowledged and   | d states on his/her oath to r         | me that   |
| he/she executed the same for the purposes therein stated.  | · · ·                                 |   |
| Berry S Fee Notary Public  |                                       |   |
|  |                                       |   |
| BEVERLY S. LEE   |                                       |   |
| Ninne Stamissin Expires 12-lulo 7  | <u> </u>                              |   |
| SEAL 5 Jackson County<br>OF MIC Commission #05550566   |                                       |   |

(Page 10 of 11)

A check in the amount of \$\_\_\_\_\_\_ representing the application fee is enclosed.

The issuance fee of \$\_\_\_\_\_ will be due simultaneously with the issuance of the Bonds.

Application Fee:

0.10% of principal amount of Bonds requested (with a minimum of \$500 and a maximum of \$2,500)

9

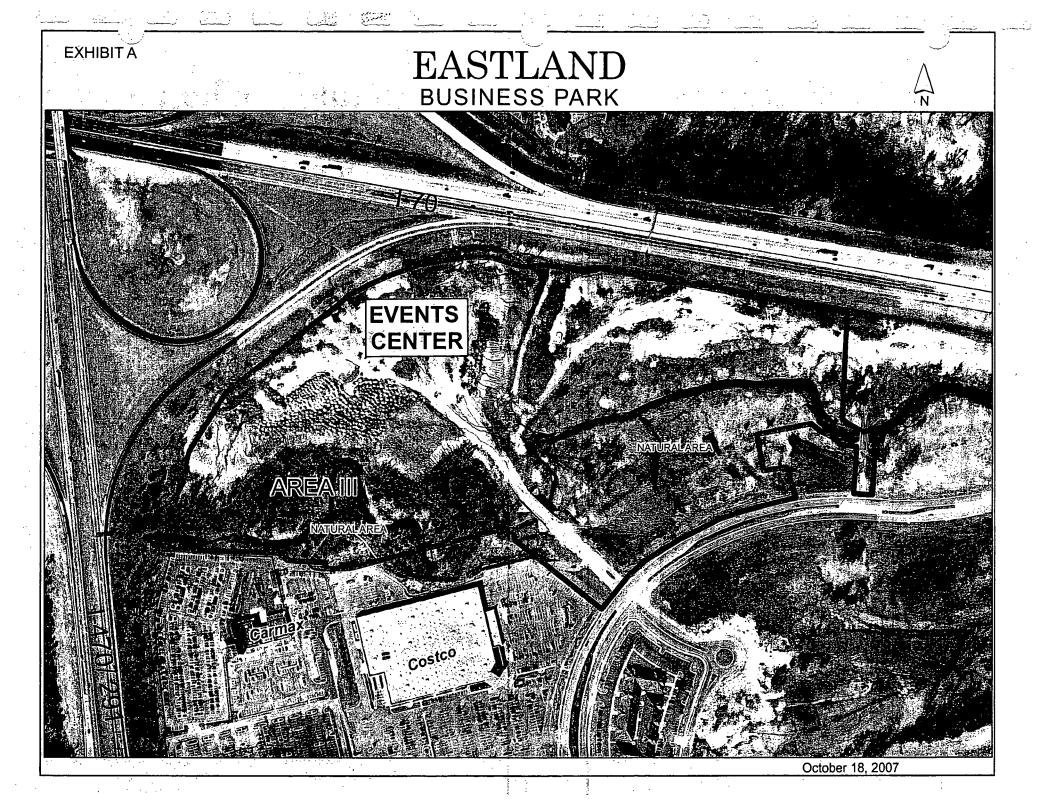
Issuance Fee:

0.25% of the principal amount of the bonds issued up to and including \$25,000,000

0.10% of principal amount of Bonds issued for that portion that is over \$25,000,000

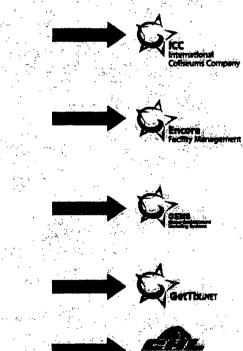
The maximum issuance fee is \$75,000.

(Please note: For the refunding of bonds that were original issued by the Board, the Board will not charge (1) an application fee and (2) each tier of the issuance fee above will be reduced by 33.34%.)

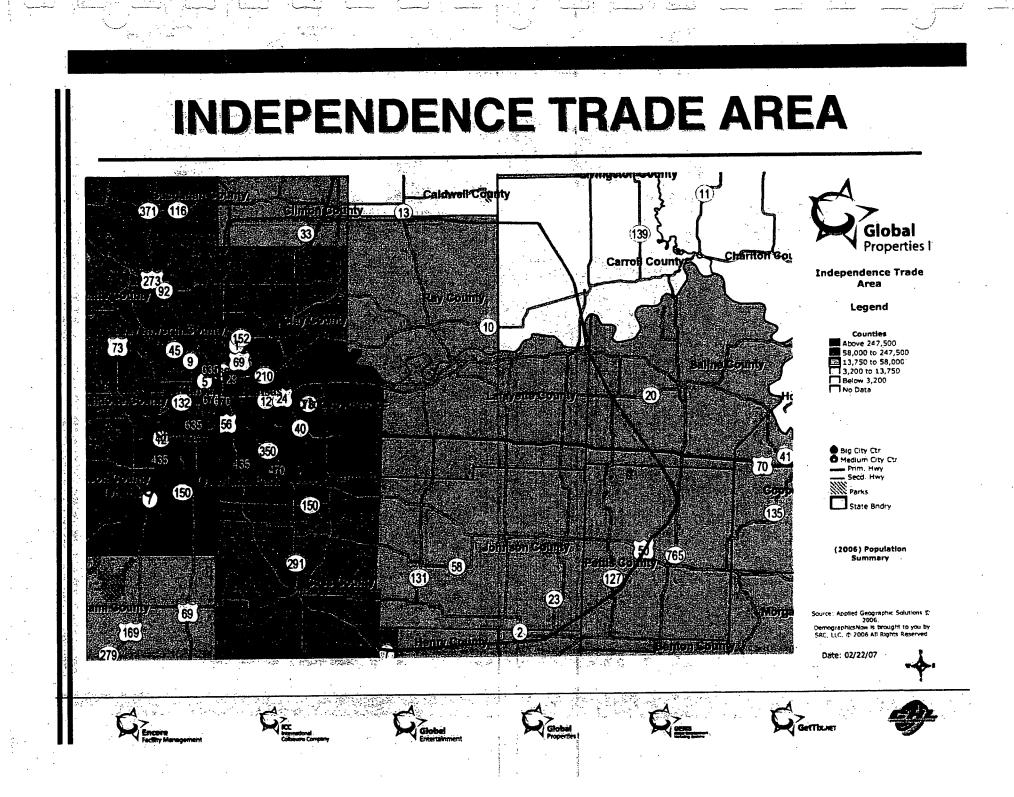


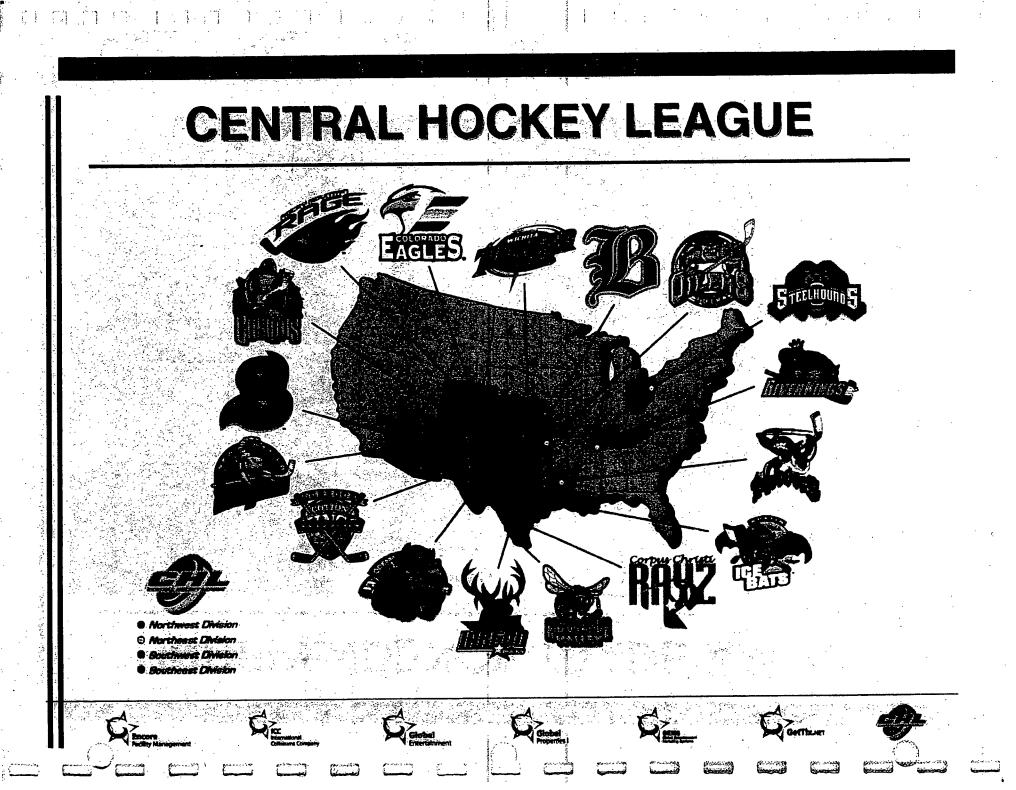
# GLOBAL ENTERTAINMENT CORPORATION TURNKEY DEVELOPER

- > Project Feasibility and Business Plan
- Design and Construction Management
- > Facility Management and Event Booking
- Sales and Marketing
- > Ticketing
- > Anchor Tenant
- Single Point of Contact



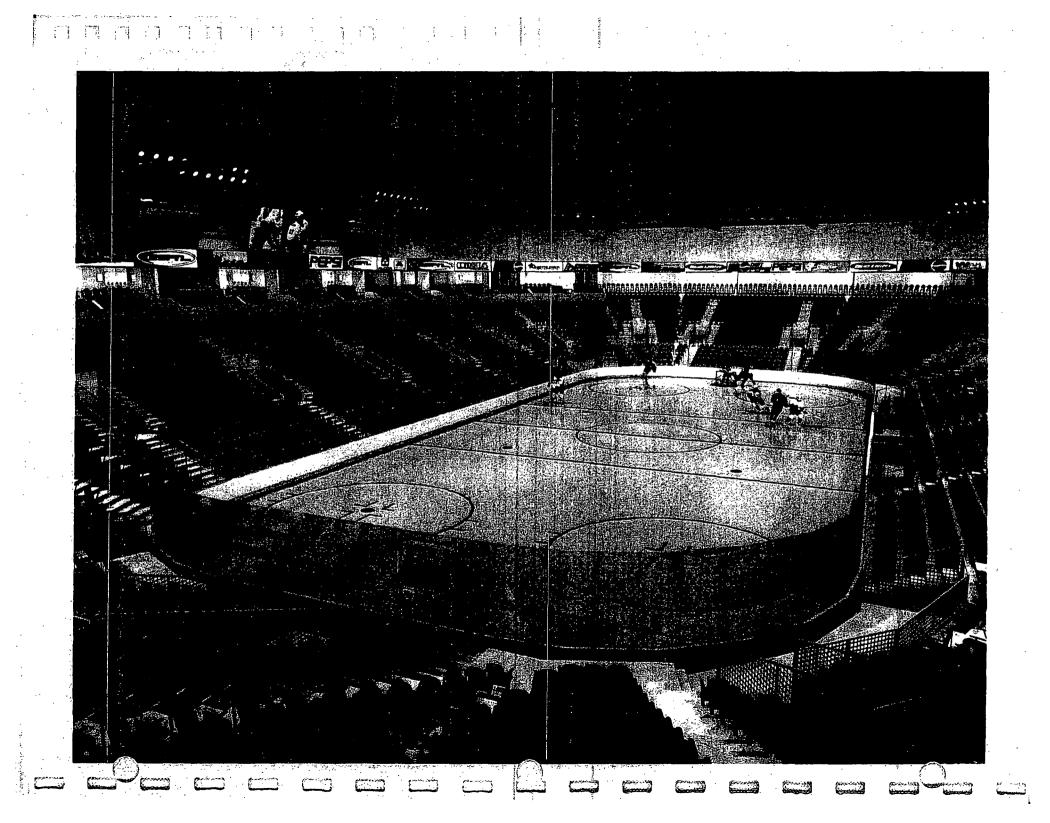


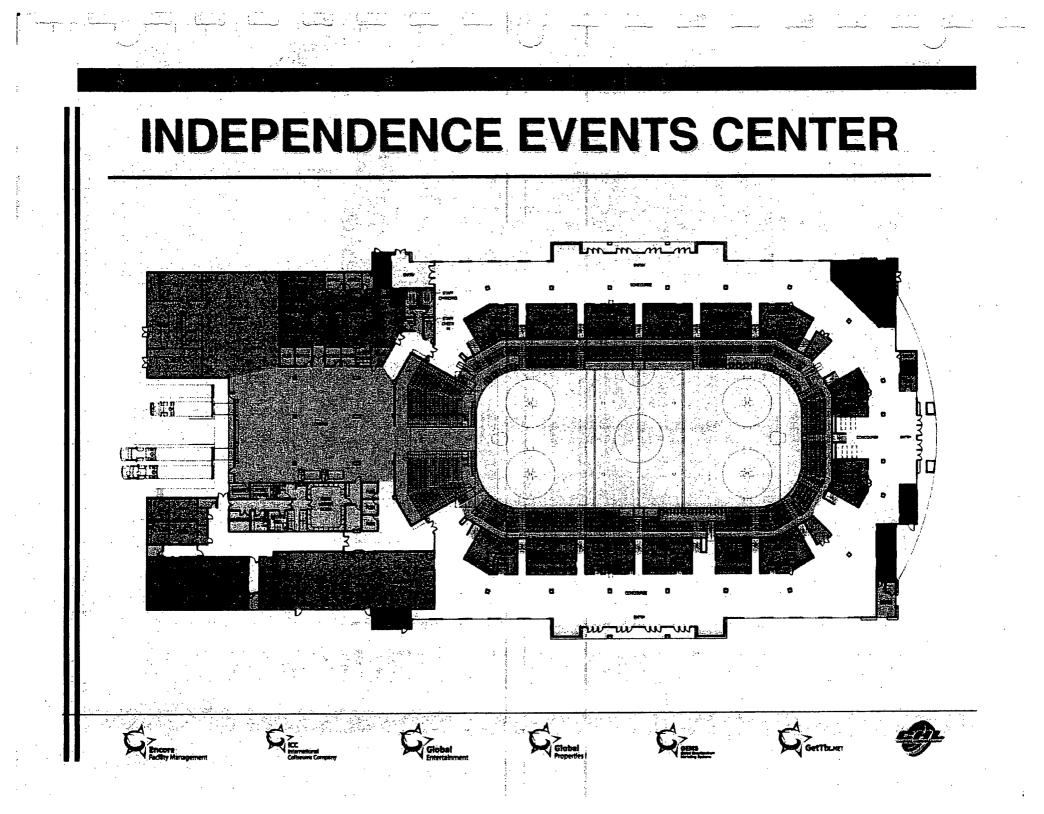


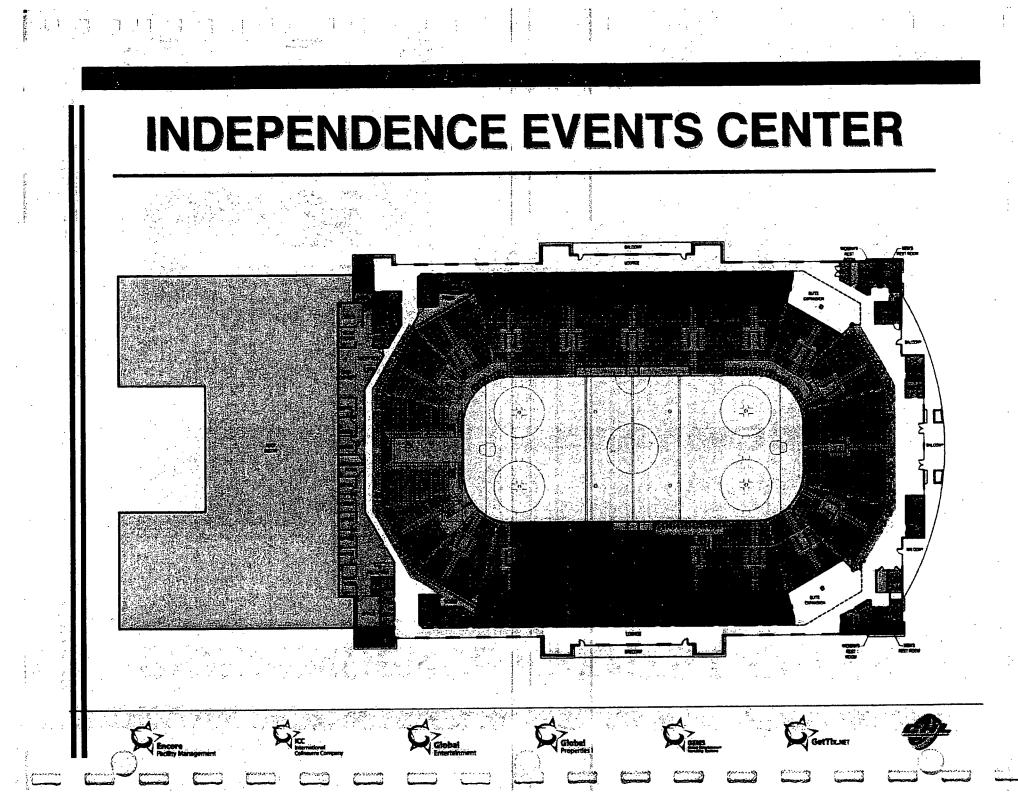


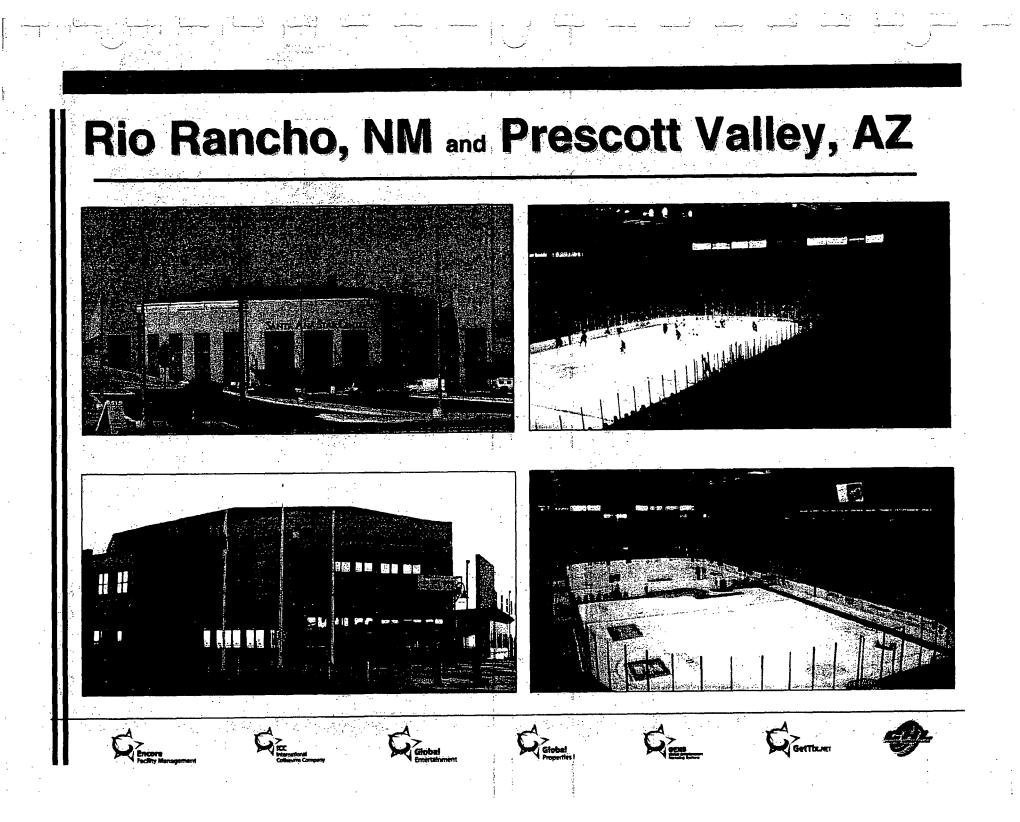
# INDEPENDENCE EVENTS CENTER

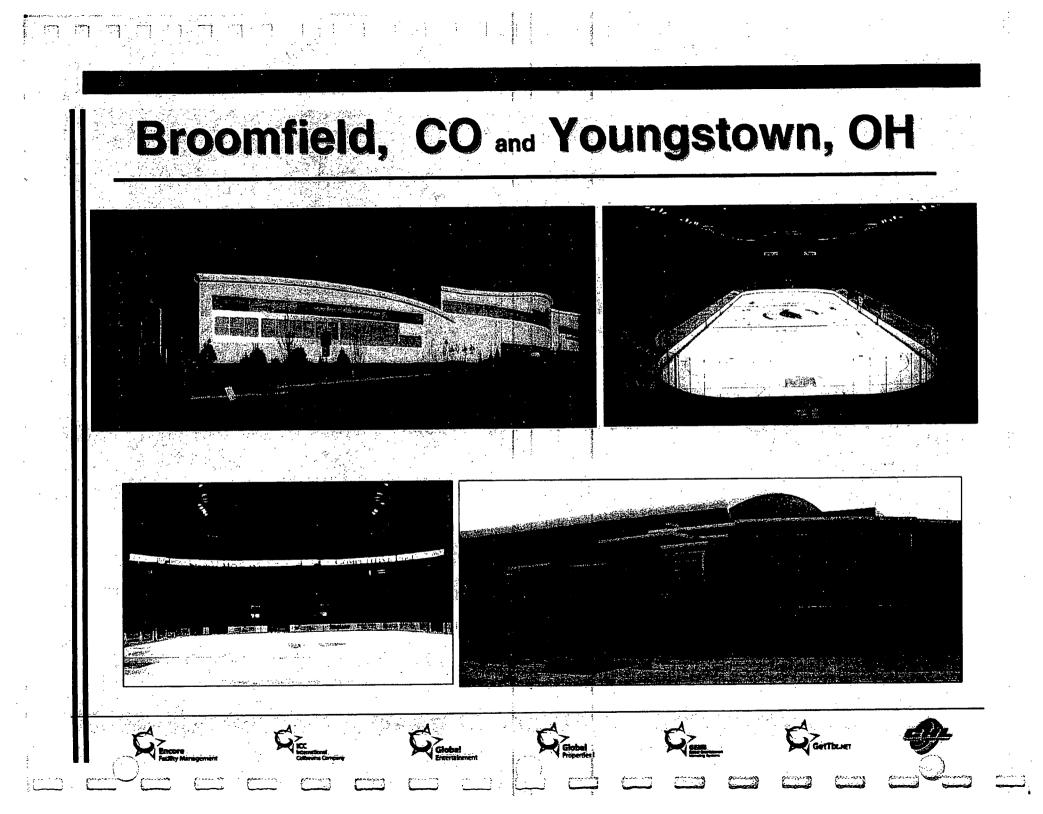
- Concerts, Family Shows, Circus, Theater, Symphony
- > Trade Shows, Conventions
- > Motocross, Monster Truck
- Boxing, Wrestling, Basketball, Volleyball, Hockey, Arena Football, High School/Regional Sporting Events, Indoor Soccer
- > Rodeo And Equestrian Events
- Religious, Banquets, Ceremonies, Graduations, Festivals, Cultural Events

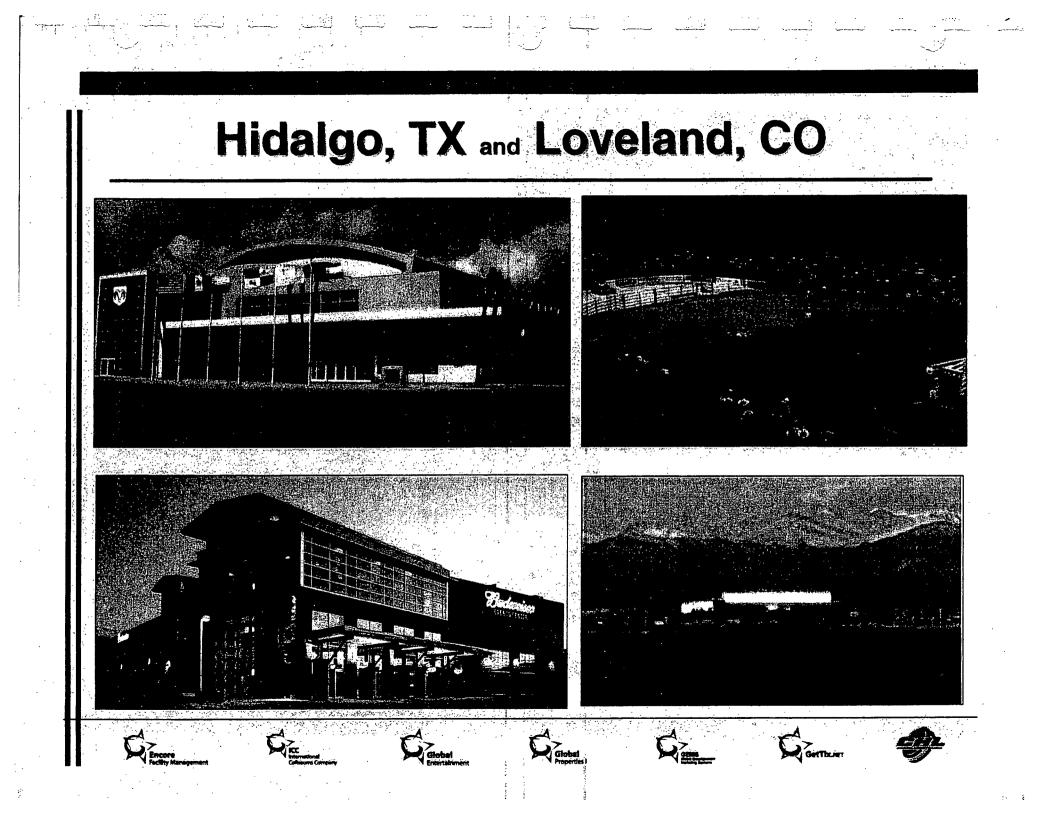


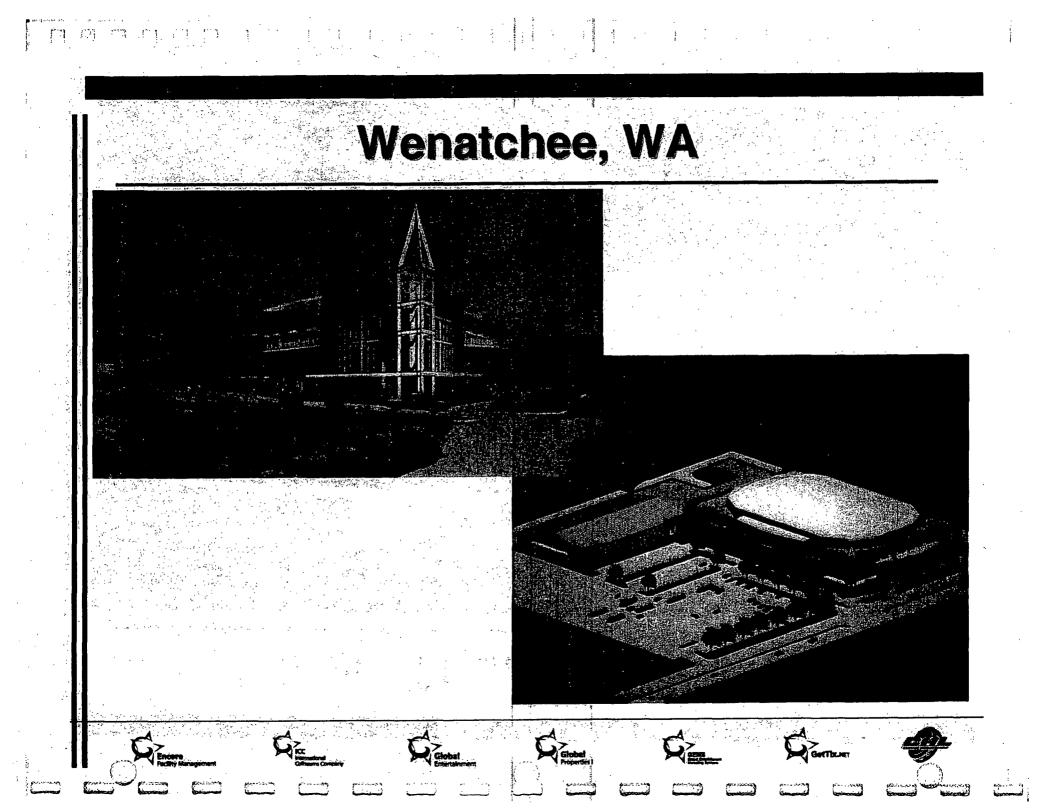








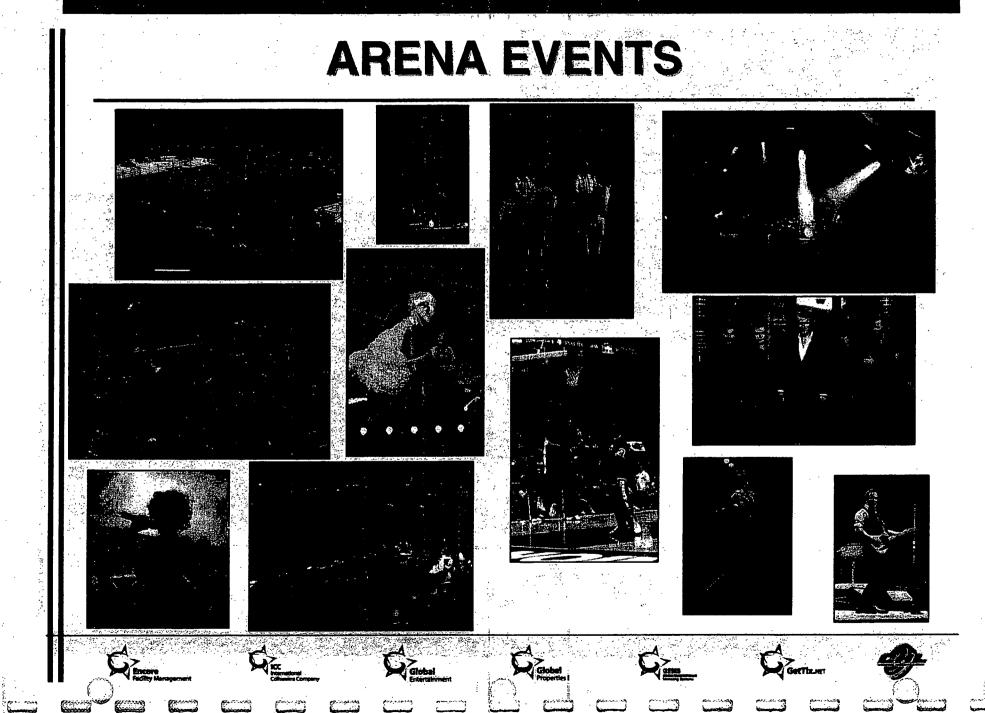


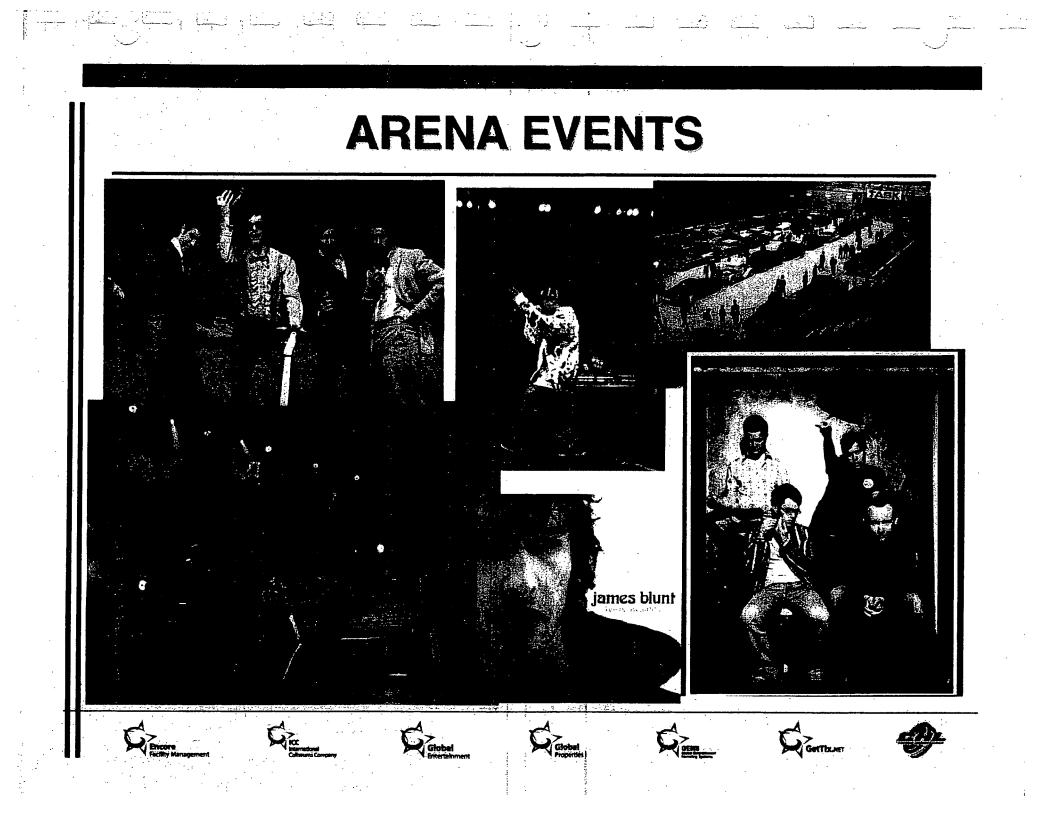
















Independence Multi-PErpose Events Center

RAO

On July 16, 2007, Independence City Council voted unanimously in favor of signing a Memorandum of Understanding (MOU) with Global Entertainment Corporation (GEC) for the development, management and operations of a Multi-Purpose Events Center (Events Center). Essential to the MOU and in order for the project to move forward is the formation of a Community Improvement District (CID) to fund the Events Center and a bus service (IndeBus) serving the CID area.

The information included in this document will assist you in answering common questions about this project.

# FREQUENTLY ASKED QUESTIONS

# **EVENTS CENTER OVERVIEW**

#### What is this Events Center everyone is talking about?

The City of Independence has been reviewing the potential for the establishment of a Multi-Purpose Events Center to be constructed within the City to serve Eastern Jackson County and the surrounding region. The facility will have 5,800 fixed seats and an attached facility which would feature a second sheet of ice for public ice skating, club hockey and other related uses. Working in partnership with Global Entertainment, work has proceeded to the point of now being ready to put the funding mechanism in place. The Independence Events

Center is a smaller version of the Sprint Center with similar design and amenities

#### What kind of events would be held?

The Events Center is designed and constructed to host the widest variety of events including:

- Concerts, Family Shows, Circus, Theater
- Banquets, Ceremonies, Graduations, Festivals, Cultural Events
- Boxing, Wrestling, Basketball, Volleyball, Hockey, Arena Football, High School/Regional Sporting Events, Indoor Soccer
- Motocross, Monster Truck
- Trade Shows, Conventions
- Rodeo and Equestrian Events

The Events Center will host approximately 140 events with an estimated annual attendance of 397,000 not including use of the second ice facility.

#### Where would it be located?

The Events Center is proposed to be located on the north side of Valley View Parkway, just south of I-70 on a 27-acre tract of land within the Eastland Business Park. The site would be north of the Costco store.

#### What is the proposed cost?

The total cost, which includes site, facility and all site improvements, is \$60,000,000. An agreement with Global Entertainment fixes that price as a "not to exceed" amount and any cost overruns would be the responsibility of Global Entertainment.

#### Who will own and operate the facility?

The Events Center would be owned by the City of Independence and would be managed and operated through a contract between the City of Independence and Global Entertainment which operates several similar types of centers all across the country. The operating agreement with the City of Independence would guarantee that **the facility would not require any public dollars for operational support.** 

#### When would it open?

The Events Center would open in fall 2009.

# Why should I support the Events Center and the formation of the Community Improvement District?

The Independence Events Center is truly a multi-purpose community facility providing a wide range of affordable, family entertainment and public use. The Events Center builds upon and diversifies Independence's historical, cultural, retail and medical elements creating a regional entertainment destination and activity hub. The Events Center combined with the area's adjacent development creates a synergistic effect as together, they increase the likelihood of the 397,000 annual attendees coming early to shop, dine, attend the event and possibly spend the night after the event is concluded.

#### When would it open?

The Events Center would open in fall 2009.

# COMMUNITY IMPROVEMENT DISTRICT

### How is a CID Created?

A petition must be filed with the municipality where the proposed district will be located. The petition must achieve two criteria in order to establish the CID district. (1) Signatures must be obtained from at least 50.1% of all property owners in the proposed district and (2) those signatures must represent over 50.1% of total assessed property valuation in the proposed district. Failure to meet either of those two criteria prohibits the district from being established.

### Which assessment method will be used for revenue?

Of the three options available (sales tax/special assessment/property tax), the only option which would be utilized for the Independence Events Center is the sales tax. The tax would be in place for up to a 30-year period and would be an additional ½ of one percent for the first 20 years and then 5/8<sup>th</sup> of one percent for the final 10 years. This would be in effect for all taxable purchases made within the proposed district. The proceeds can only be used for debt retirement and once the bonds are paid off, the tax is retired.

### What is a Community Improvement District?

# Why is a CID/Sales Tax Necessary?

Commonly referred to as a CID, these may be created for the purpose of financing a wide range of public facilities, improvements or services within a municipality. It is authorized by state statute and is a common financing mechanism in many cities in Missouri. Like every other area of the country, events centers are typically built using specially designated taxes. The revenue from events within the facility supports the operation and long term maintenance of the facility but cannot support the principal and debt service necessary to finance the construction.

# How will signatures be solicited for the CID?

The effort to collect petitions will be coordinated by the Independence Council for Economic Development. ICED is a not-for-profit agency which contracts with the City of Independence for economic development services. All property owners in the proposed CID district will receive a petition which provides terms of the CID and the signature page.

The yellow colored signature page must be signed by the property owner or an authorized designated official from the company. The signature must be notarized and then the document returned to the ICED office.

# Will there be a vote after the petition process is completed?

Yes. After sufficient petitions supporting the formation of the CID are returned and certified, a special election which will be held to formalize the creation of the district and allow the additional sales tax to be collected. The vote will be a mail-in ballot that will be distributed to all property owners in the proposed CID district regardless of their response to the petition.

### How were the boundaries of the Events Center CID developed?

The area was determined based on its ability to produce enough taxable revenue to support the debt service for the Events Center and the bus service. It is also the area which will see the most positive economic impact from the project and the attendees who will also spend money in the surrounding area.

# What happens if the CID fails?

If formation of the CID is unsuccessful, the Events Center would not be constructed.

### What are the details of the Bus Service?

The Inde bus trolley service will operate in the 4 corner area of I-70 and 291 providing transportation to all retail establishments in the proposed CID area. The system will operate on weekends, during major events, and during major shopping seasons. This will provide shoppers an opportunity to park their vehicle in one location and take the shuttle to and between the Events Center and the various shopping and restaurants in the CID area.

# What if I have additional questions about the petition or CID process?

You can contact the ICED office at (816) 252-5777 or by e-mail at <u>tlesnak@iced.org</u>

# ECONOMIC IMPACT

# Do we know what kind of an economic impact an Events Center will have on Independence and the surrounding region?

Canyon Research Southwest presented their study to the City (January 2007) that supported the viability for an Events Center in Independence. The report showed that the KC region could support a "mid-size" facility and that the economic impact would be approximately \$24 million per year. Approximately 35 full time jobs and 150 part time jobs will be created. These figures do not include potential job creation at surrounding stores and restaurants A copy of the Canyon report is available by request.

Other Global Entertainment Events Centers have contributed significantly to their local communities. In 2004, the Budweiser Events Center located in Loveland Colorado had a \$90.3 million economic impact. (Source: University of Northern Colorado, 2005) Tim's Toyota Center in Prescott Valley, Arizona is projected to have a 20-year economic impact over \$145 million. (Source: Arizona State University Graduate School, 2007).

# How will this impact Independence and our competitiveness on sales tax rates with other cities in the metro?

At 8.1%, this area in Independence will still be below several areas of the metro including several of the new shopping districts in Lee's Summit (8.725%) and several areas of Kansas City which are more than 8%.

# **GLOBAL ENTERTAINMENT**

#### Can you tell me more about Global Entertainment?

Global Entertainment Corporation is a fully integrated entertainment and sports company that offers a turnkey solution for Independence. GEC is the only company in the US that leads all Events Center elements from initial concept to due diligence to design and construction to management to ticketing. GEC owns and operates the professional Central Hockey League (CHL).

GEC has guaranteed that; 1) the Events Center development cost will not exceed \$60 million and will pay for any cost overruns, 2) the Events Center operations will be profitable and will pay for any operating losses, and 3) a CHL team will play in the facility for the duration of GEC's management contract. Global is a publicly traded company with the stock symbol GEE.

# FOR MORE INFORMATION

Who can I talk to if I have additional questions?

The CID process is being coordinated by the Independence Council for Economic Development. It would be our pleasure to answer any questions you may have about the Events Center, the CID process or any other questions you may have relating to this project. Please don't hesitate to us.

Information provided by

**Council for Economic Development** 

210 W. Truman Road Independence, Missouri 64050 (816) 252-5777 www.independencemo.biz tlesnak@iced.org RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD APPROVING A PROJECT FOR THE CITY OF INDEPENDENCE, MISSOURI, AND DETERMINING THE OFFICIAL INTENT OF THE BOARD TO ISSUE ITS INFRASTRUCTURE FACILITIES REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$110,575,000 TO FINANCE THE COSTS OF SUCH PROJECT.

WHEREAS, the Missouri Development Finance Board (the "Board") is authorized and empowered under the provisions of the Missouri Development Finance Board Act, Sections 100.250 to 100.297 of the Missouri Revised Statutes (the "Act"), to purchase, construct, extend and improve certain projects (as defined in the Act) for the purposes set forth in the Act and to issue revenue bonds for the purpose of providing funds to pay the costs of such projects upon such terms and conditions as the Board shall deem advisable; and

WHEREAS, the City of Independence, Missouri, a constitutional charter city under the laws of the State of Missouri (the "City"), has submitted an application to the Board and has requested that the Board (i) approve a project for the City consisting of the construction of a multipurpose events center to be owned by the City together with costs related to the construction, improvement and widening acquisition, site preparation, improvements to real estate, the construction of sanitary sewer, water and electric utilities, together with related legal, financing, accounting and design costs (the "Project"), and (ii) issue its revenue bonds in one or more series in an aggregate principal amount not to exceed \$110,575,000 to provide funds to pay the costs of the Project, all in accordance with and pursuant to the Act; and

WHEREAS, the Board desires to finance the costs of the Project by the issuance of its revenue bonds under the Act in an aggregate principal amount in one or more series not to exceed \$110,575,000 (the "Bonds"), said Bonds to be payable solely out of payments, revenues and receipts derived by the Board from the City for the Project; and

WHEREAS, the Board and the City desire that the Project commence as soon as practicable;

# NOW, THEREFORE, BE IT RESOLVED BY THE MISSOURI DEVELOPMENT FINANCE BOARD AS FOLLOWS:

Section 1. Findings and Determinations. The Board hereby finds and determines that the Project will promote the economic welfare and the development of the State of Missouri, the Project will generate sufficient revenues or the City will otherwise have sufficient revenues available to enable the City to repay the loans from the Board, and the issuance of the Bonds by the Board to pay the costs of the Project will be in furtherance of the public purposes set forth in the Act.

Section 2. Approval of Project and Declaration of Official Intent. The Board hereby approves the Project and determines and declares the official intent of the Board to finance the costs of the Project out of the proceeds of the Bonds of the Board pursuant to the Act in an aggregate principal amount not to exceed \$110,575,000. This Resolution shall constitute the Board's official binding commitment, subject to the terms hereof, to issue the Bonds pursuant to the Act in amounts prescribed by

the City and to loan the proceeds thereof to the City to finance the Project and to pay all expenses and costs of the Board in connection with the issuance of the Bonds.

Section 3. Terms and Provisions. Subject to the conditions of this Resolution, the Board will (i) enter into one or more trust indentures with a bank or trust company, as corporate trustee, pursuant to which the Board will issue the Bonds to pay the costs of financing the Project, including repayment to the City of advances made by it in connection with the Project, with such maturities, interest rates, redemption terms, security provisions and other terms and provisions as may be determined by subsequent resolution of the Board; (ii) enter into such other documents necessary to provide for financing the Project, which documents will require the City to make payments sufficient to pay the principal of and interest on the Bonds as the same become due and payable; and (iii) to effect the foregoing, adopt such resolutions and authorize the execution and delivery of such security agreements and other instruments and the taking of such action as may be necessary or advisable for the authorization and issuance of the Bonds by the Board and take or cause to be taken such other action as may be required to implement the aforesaid.

Section 4. Conditions to Issuance. The issuance of the Bonds and the execution and delivery of any documents related to financing the Project are subject to (i) approval by the Board; (ii) approval by the City Council of the City; and (iii) agreement by the Board, the City and the purchasers of the Bonds upon (a) mutually acceptable terms for the Bonds and for the sale and delivery thereof, and (b) mutually acceptable terms and conditions of any documents related to the issuance of the Bonds and the Project.

Section 5. Authorization to Proceed. The City is hereby authorized to proceed with the construction, improvement and equipping of the Project, including the necessary planning and engineering for the Project and land acquisition for the Project and entering of contracts and purchase orders in connection therewith, and to advance such funds as may be necessary to accomplish such purposes, and, to the extent permitted by law, the Board shall reimburse the City for all expenditures paid or incurred therefor out of the proceeds of the Bonds.

Section 6. Sale of the Bonds. The Board shall sell the Bonds, but only on a firm underwriting or purchase basis, to Piper Jaffray & Co., and the Board shall approve, at such price as the City and the Board shall approve, such Bonds to be issued upon receipt of an unqualified approving opinion by Gilmore & Bell, P.C., in form and substance agreeable to the Board, the City and the purchasers of such Bonds. The sale of the Bonds shall be mutually acceptable to the City and the Board.

Section 7. Further Authority. Counsel to the Board, together with the officers and employees of the Board, are hereby authorized to work with the City and the purchasers of the Bonds, their respective counsel and others, to prepare for submission to and final action by the Board all documents necessary to effect the authorization, issuance and sale of the Bonds and other actions contemplated hereunder in connection with the financing of the Project.

**Section 8.** Benefit of Resolution. This Resolution shall inure to the benefit of the Board and the City and their respective successors and assigns.

Section 9. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Missouri Development Finance Board.

1

ADOPTED by the Missouri Development Finance Board this 20th day of November, 2007.

# MISSOURI DEVELOPMENT FINANCE BOARD

en By: Chairman

**RESOLUTION AUTHORIZING THE ISSUANCE OF ONE OR** MORE SERIES OF INFRASTRUCTURE FACILITIES REVENUE BONDS FOR BENEFIT OF CITY THE THE OF INDEPENDENCE, MISSOURI, IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$100,000,000, TO PROVIDE FUNDS TO BE LOANED TO THE CITY OF INDEPENDENCE, MISSOURI: AND AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION WITH THE **ISSUANCE OF SAID BONDS.** 

WHEREAS, the Missouri Development Finance Board (the "Board") is authorized and empowered under the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive of the Revised Statutes of Missouri, as amended (the "Act") to issue its revenue bonds for the purpose of providing funds to purchase, construct, extend and improve "projects" (as defined in the Act), including "infrastructure facilities" as defined in subdivision (9) of Section 100.255 of the Act;

WHEREAS, at the request of the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City"), the Board desires to issue its Infrastructure Facilities Revenue Bonds for the benefit of the City of Independence, Missouri in an aggregate principal amount not exceeding \$100,000,000 (as more fully described herein, the "Bonds"), pursuant to the Bond Trust Indenture dated as of the first or fifteenth day of the month in which the Bonds are issued, as supplemented from time to time (the "Indenture") by and between the Board and the bond trustee named therein (the "Trustee"), for the purpose of making a loan to the City (the "Loan"), pursuant to the Financing Agreement dated as of the first or fifteenth day of the month in which the Bonds are issued, as further from time to time (the Financing Agreement") by and between the Board and the City, to (a) finance a portion of the costs of costs related to the construction of a multipurpose events center for the City (the "Project"), (b) fund a debt service reserve fund related to the Bonds, and (c) pay costs associated with issuing the Bonds; and

WHEREAS, by Resolution dated November 20, 2007, the Board approved the Project and declared the official intent of the Board to finance the costs of the Project from the proceeds of one or more series of bonds of the Board in an amount not to exceed \$110,575,000; and

WHEREAS, the Board is authorized under the Act to issue its revenue bonds for the purposes aforesaid and the Board has determined that the public interest will be best served and that the purposes of the Act can be more advantageously obtained by the Board's issuance of the Bonds in order to loan funds to the City under the Financing Agreement as a means of accomplishing the foregoing; and

WHEREAS, the Board further finds and determines that it is necessary and desirable in connection with the issuance of the Bonds that the Board execute and deliver certain documents and that the Board take certain other actions as herein provided.

# NOW, THEREFORE, BE IT RESOLVED BY THE MISSOURI DEVELOPMENT FINANCE BOARD, AS FOLLOWS:

Section 1. Findings and Determinations. The Board hereby ratifies, confirms and makes the following findings and determinations with respect to the City and the Project, based upon representations made to the Board:

(a) The City has properly requested the Board's assistance in financing and reimbursing the costs of the Project.

(b) The issuance of the Bonds for the purpose of providing funds to finance, refinance and reimburse the costs of the Project is in the public interest and in furtherance of the purposes of the Act.

(c) The Loan made pursuant to the Financing Agreement is adequately secured by security satisfactory to the Board.

Section 2. Authorization of the Bonds. In order to obtain funds to loan to the City to be used for the purposes aforesaid, the Board is hereby authorized to issue one or more series of its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Multipurpose Events Center Project), with appropriate Series identifier(s), in an aggregate principal amount not exceeding \$100,000,000 (the "Bonds"), pursuant to the Indenture, for the purpose of making the Loan to the City, pursuant to the Financing Agreement, to (a) finance certain costs of the Project, (b) fund a debt service reserve fund for the Bonds, and (c) to pay costs related to the issuance of the Bonds. One or more of the series of Bonds may be issued on a taxable basis, in which case the word "Taxable" shall be inserted in the title of such Series. The average interest rate on all Bonds issued on a tax-exempt basis shall not exceed 7.00% per annum, the average interest rate on all Series of the Bonds issued on a taxable basis shall not exceed 8.00% per annum and the final maturity date of all Bonds shall not be later than December 1, 2038 (provided that the final maturity of the Bonds shall in no event be later than 30 years from the date of issuance). The Bonds shall bear interest at such rates, shall mature on such dates, and shall have such redemption provisions, if any, and such other terms to be set forth in the Indenture. The final terms of the Bonds shall be specified in the Indenture upon the execution thereof, and the signatures of the officers of the Board executing the Indenture shall constitute conclusive evidence of their approval and the Board's approval thereof.

Section 3. Bonds as Limited Obligations. The Bonds shall be limited obligations of the Board payable solely from the sources and in the manner as provided in the Indenture, and shall be secured by a pledge and assignment of and a grant of a security interest in the Trust Estate (as defined in the Indenture) to the Trustee (herein defined) and in favor of the holders of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Missouri (the "State") or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof, but shall be payable solely from the funds provided for in the Financing Agreement and the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The State shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Board. No breach by the Board of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any charge upon its general credit or against its taxing power.

Section 4. Authorization and Approval of Documents. The following documents are hereby approved in substantially the forms presented to and reviewed by the Board at this meeting (copies of which documents shall be filed in the records of the Board), and the Board is hereby authorized to execute and deliver each of such documents to which the Board is a party (the "Board Documents") with such changes therein as shall be approved by the officers of the Board executing such documents, such officers' signatures thereon being conclusive evidence of their approval and the Board's approval thereof:

(a) Bond Trust Indenture between the Board and the Trustee providing for the issuance thereunder of the Bonds and setting forth the terms and provisions applicable to the Bonds, including a pledge and assignment by the Board of the Trust Estate to the Trustee for the benefit and security of the owners of the Bonds upon the terms and conditions as set forth in the Indenture.

(b) Financing Agreement between the Board and the City under which the Board will loan the proceeds from the sale of the Bonds to the City for the purposes herein described in consideration of payments which will be sufficient to pay the principal of, redemption premium, if any, purchase price and interest on the Bonds.

(c) Tax Compliance Agreement (the "Tax Compliance Agreement"), among the Board, the City and the Trustee, entered into in order to set forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of the Bonds, to establish and maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of Code § 148(f).

(d) Bond Purchase Agreement (the "Bond Purchase Agreement") among the Board, the City and Piper Jaffray & Co. (the "Underwriter"), entered into in connection with the sale of the Bonds by the Underwriter.

Section 5. Approval of Preliminary Official Statement; Preliminary Official Statement Deemed Final. The Preliminary Official Statement and the final Official Statement, in substantially the form of the Preliminary Official Statement with such changes and additions thereto as are necessary to conform to and describe the transaction, and the public distribution of the same by the purchaser are hereby approved for use in connection with the Bonds. The Board has not participated in the preparation of the Preliminary Official Statement or in the final Official Statement and has not verified the accuracy of the information therein, other than information respecting the Board under the captions "THE BOARD" and "LITIGATION-The Board". Accordingly, such approvals do not constitute approval by the Board of such information or a representation by the Board as to the completeness or accuracy of the For the purpose of enabling the purchaser to comply with the information contained therein. requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the Board hereby deems the information regarding the Board contained in the Preliminary Official Statement under the captions "THE BOARD" and "LITIGATION-The Board" to be "final" as of its date, except for the omission of such information as is permitted by Rule  $15c_{2-12}(b)(1)$ , and the appropriate officers of the Board are hereby authorized, if requested, to provide the purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the purchaser to comply with the requirements of such Rule.

Section 6. Execution of Bonds and Documents. The Chairman, Vice Chairman or Executive Director of the Board is hereby authorized and directed to execute the Bonds by manual or facsimile signature and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the Board in the manner provided in the Indenture. The Chairman, Vice Chairman or Executive Director of the Board is hereby authorized and directed to execute, deliver and/or endorse the Board Documents for and on behalf of and as the act and deed of the Board is hereby authorized to attest to the Board. The Secretary or Assistant Secretary of the Board is hereby authorized to attest to the Bonds by manual or facsimile signature, to the

Board Documents and to such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Final Terms Committee. The Board does hereby establish a Final Terms Section 7. Committee for the Bonds (the "Committee") to consist of the Executive Director of the Board, the City Manager or other authorized representative of the City and an authorized representative of the Underwriter, which Committee, acting unanimously, is hereby authorized, for and on behalf of the Board, to establish for the Bonds (a) the aggregate principal amount thereof, which shall not exceed the limitation set forth in Section 2 hereof, (b) the principal maturity dates thereof and the aggregate principal amount thereof maturing on such dates, with a final maturity for the Bonds not later than the date set forth in Section 2 hereof (c) the dates on which the Bonds are to be redeemed pursuant to the mandatory redemption provisions of the Indenture and the aggregate principal amount thereof to be redeemed on such dates, (d) the dates on which the Bonds are subject to the optional redemption provisions of the Indenture and the redemption prices thereof, and (e) the interest rates to be borne by the Bonds, with the average interest rate on the Bonds not to exceed the limitations set forth in Section 2 hereof, all to be established consistent with the following: On any date selected by the Committee, the Committee shall determine the lowest and best interest rates and the most appropriate maturities, redemption terms, final principal amount and purchase price (including any discount or premium) which, in the unanimous best judgment of the members of the Committee at that time, would produce as nearly as possible a par bid (with such discount or premium deemed best by the Committee) for the Bonds in the then bond market for the Bonds. The determination of the Committee shall be conclusively evidenced by the execution by all the members thereof of the Bond Purchase Agreement. All of said final terms shall be set forth in the Indenture as executed and delivered.

**Section 8.** Further Authority. The Board shall, and the officers, agents and employees of the Board are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments, including, without limitation, any security documents, arbitrage certificate, closing certificates and tax forms, as may be necessary or desirable to carry out and comply with the intent of this Resolution, and to carry out, comply with and perform the duties of the Board with respect to the Board Documents.

Section 9. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Board.

[Remainder of this Page Intentionally Left Blank]

Adopted by Missouri Development Finance Board this 19th day of February, 2008.

MISSOURI DEVELOPMENT FINANCE BOARD

Chairman

(SEAL)

ATTEST:

Assistant Secretary

MDFB Resolution (Independence, MO Multipurpose Events Center)

#### EXCERPT OF MINUTES OF BOARD MEETING

The Missouri Development Finance Board met in regular session on February 19, 2008, at 10:30 a.m., at 200 Madison Street, Room 1010, Jefferson City, Missouri.

The following members and officers of the Board were present or absent at the meeting, as follows:

| Peter D. Kinder        | Lieutenant Governor and Chairman                | Present |
|------------------------|---|---------|
| John D. Starr          | Vice Chairman and Member                        | Present |
| Larry D. Neff          | Secretary and Member                            | Present |
| Nelson C. Grumney, Jr. | Treasurer and Member                            | Present |
| Paul S. Lindsey        | Member  | Present |
| Richard J. Wilson      | Member  | Present |
| L. B. Eckelkamp, Jr.   | Member  | Present |
| Danette D. Proctor     | Member  | Present |
| John E. Mehner         | Member  | Present |
| Gregory A. Steinhoff   | Director, Dept. of Econ. Dev. and Member        | Present |
| Katie Smith            | Director, Dept. of Agriculture and Member       | Absent  |
| Doyle Childers         | Director, Dept. of Natural Resources and Member | Present |
| Robert V. Miserez      | Executive Director and Assistant Secretary      | Present |

The Chairman declared that a quorum was present and called the meeting to order.

(Other Proceedings)

\* \* \* \* \* \*

Ms. Barney presented the application from the City of Independence for bonds not to exceed \$100 million for the city to fund the Multi-Purpose Events Center. Ms. Barney reported in November 2007 the Board adopted a Resolution of Intent for multiple series of bonds not to exceed \$110,575,000.

Ms Barney stated the facility will house 5,800 fixed seats and will include a second sheet of ice for public ice skating. An A+ rating is expected from Standard & Poor's for the bonds. The repayment source is from the City annual appropriation pledge and CID revenues and the Board has no liability. Staff recommend adoption of the final authorizing resolution.

Member Starr made a motion to adopt the following resolution:

RESOLUTION AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF INFRASTRUCTURE FACILITIES REVENUE BONDS FOR THE BENEFIT OF THE CITY OF INDEPENDENCE, MISSOURI, IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$100,000,000, TO PROVIDE FUNDS TO BE LOANED TO THE CITY OF INDEPENDENCE, MISSOURI; AND AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS. Member Wilson seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Lindsey, Wilson, Eckelkamp, Proctor, Mehner, Steinhoff, Childers and Kinder.

Nay: None.

Absent: Smith.

Chairman Kinder declared the motion passed.

\* \* \* \* \* \* \* \*

(Other Proceedings)

Excerpt of Minutes MDFB Independence Series 2008D

.

There being no further business to come before the meeting of the Board, on motion duly made, seconded and carried by unanimous vote, the meeting was adjourned.

Secretary

(Seal)

Excerpt of Minutes MDFB Independence Series 2008D

#### BOARD'S CLOSING CERTIFICATE AND INSTRUCTIONS TO THE TRUSTEE

#### MISSOURI DEVELOPMENT FINANCE BOARD

#### \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

We, the undersigned, hereby certify that we are the duly appointed, qualified and acting Chairman and Assistant Secretary, respectively, of Missouri Development Finance Board (the "Board"), and as such officers we are familiar with the official books and records of the Board. In connection with the issuance by the Board of the above captioned bonds (the "Bonds"), we hereby further certify as follows:

#### 1. ORGANIZATION AND AUTHORITY

**1.1. Due Organization.** The Board is a body corporate and politic duly organized and existing under the laws of the State of Missouri.

1.2. Meetings. All meetings of the Board as shown in the Transcript (as hereinafter defined) were regular meetings, or were meetings held pursuant to regular adjournment at the next preceding meeting, or were special meetings duly called as shown in the Transcript, and each such meeting was duly held, was open to the public at all times and a quorum was present throughout.

**1.3. Incumbency of Officers.** The following named persons were and are the duly appointed, qualified and acting officers and directors of the Board at all times during the proceedings relating to the authorization and issuance of the Bonds at and during the times indicated as follows:

| <u>Name</u>            | Title   |
|------------------------|---|
| Peter D. Kinder        | Lieutenant Governor and Chairman                        |
| John D. Starr          | Vice-Chairman and Member                                |
| Larry D. Neff          | Secretary and Member                                    |
| Nelson C. Grumney, Jr. | Treasurer and Member                                    |
| Richard J. Wilson      | Member  |
| L.B. Eckelkamp, Jr.    | Member  |
| Danette D. Proctor     | Member  |
| John Mehner            | Member (effective February 2008)                        |
| S. Lee Kling           | Member (effective March 2008)                           |
| Gregory A. Steinhoff   | Director, Department of Economic Development and Member |
| Kate Smith             | Director, Department of Agriculture and Member          |
| Doyle Childers         | Director, Department of Natural Resources               |
| Robert V. Miserez      | Executive Director and Assistant Secretary              |
| James D. Hill          | Member (until January 2008)                             |
| Paul S. Lindsey        | Member (until February 2008)                            |

#### 2. BOND TRANSCRIPTS AND LEGAL DOCUMENTS

**2.1. Transcript of Proceedings.** The transcript of proceedings (the "Transcript") relating to the authorization and issuance of the Bonds includes a true and correct copy of the proceedings had by the Board and other records, proceedings and documents relating to the issuance of the Bonds; said Transcript is, to the best of our knowledge, information and belief, full and complete; the proceedings of the Board shown in said Transcript have not been modified, amended or repealed and are in full force and effect as of the date hereof.

2.2. Execution of Documents. The following documents have been duly executed and delivered in the name and on behalf of the Board by its duly authorized officers, pursuant to and in full compliance with a Resolution (the "Resolution") adopted by the Board at a duly held meeting thereof as shown in the Transcript; the copies of said documents contained in the Transcript are true, complete and correct copies or counterparts of said documents as executed and delivered by the Board, and are in substantially the same form and text as the copies of such documents which were before the Board and approved by the Resolution; and said documents have not been amended, modified or rescinded and remain in full force and effect as of the date hereof:

- (a) Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") by and between the Board and Commerce Bank, N.A., as Trustee (the "Trustee").
- (b) Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") by and between the Board and the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City").
- (c) Tax Compliance Agreement, dated as of April 1, 2008 (the "Tax Compliance Agreement") by and among the Board, the City and the Trustee.
- (d) Bond Purchase Agreement dated March 17, 2008 (the "Bond Purchase Agreement") among the Board, the City and Piper Jaffray & Co., as Underwriter (the "Underwriter").

The Indenture, the Financing Agreement, the Tax Compliance Agreement and the Bond Purchase Agreement are sometimes collectively referred to herein as the "Board Documents."

2.3. Documents Authorized and Binding. The Board has, by all necessary action, duly authorized the execution, issuance and delivery of the Bonds, and the execution, delivery, receipt and due performance of the Board Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the Board in order to carry out, give effect to and consummate the transactions contemplated by the Official Statement (as hereinafter defined), the Board Documents and the Resolution. The Bonds and the Board Documents, as executed and delivered, and the Resolution, as adopted, constitute legal, valid and binding obligations of the Board in accordance with their respective terms (except insofar as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws or equitable principles of general application affecting the rights and remedies of creditors and secured parties, and except as rights to indemnity, if any, may be limited by principles of public policy).

2.4. Execution of Bonds; Signatures and Seals. We have duly signed and executed the Bonds by manual or facsimile signatures in the aggregate principal amount thereof, consisting of one fully registered bond, and on the date when the Bonds were executed by us, we were and at the date hereof we are the officials indicated by our signatures on the Bonds and by our signatures on this Certificate, respectively. The signatures of us and each of us, as such officials, respectively, on the Bonds and on this

Certificate, are our true and genuine signatures, and the seal affixed on the Bonds at the time of their execution was and is the duly authorized and adopted official seal of the Board and was thereto affixed by the authority and direction of the governing body of the Board, and is the seal affixed to this Certificate. Affidavits containing the respective signatures of the Chairman and Assistant Secretary, copies of which are attached hereto as **Exhibit A**, have been filed in the Office of the Secretary of State of Missouri pursuant to Section 105.274 of the Revised Statutes of Missouri, and we hereby ratify, confirm and adopt the facsimile signatures on the Bonds as a proper execution of said Bonds.

2.5. Representations in the Board Documents. Each of the representations and warranties of the Board made in the Board Documents are true and complete in all material respects as of the date hereof as if made on and as of the date hereof, and all agreements to be complied with and obligations to be performed by the Board under the Board Documents on or prior to the closing date of the Bonds have been complied with and performed.

**2.6.** No Event of Default. At the date hereof, no Event of Default of the Board specified in the Board Documents, and no event which, with the giving of notice or the lapse of time or both, would become such an Event of Default of the Board under the Board Documents, has occurred.

**2.7. Official Statement.** To the Board's knowledge, the information contained in the Preliminary Official Statement dated March 5, 2008 and the final Official Statement dated March 17, 2008 (collectively, the "Official Statement") under the captions "INTRODUCTORY STATEMENT – The Board," "THE BOARD" and "LITIGATION -- The Board" is correct in all material respects as of the date hereof. The Official Statement and the public distribution of the same by the Underwriter are hereby approved for use in connection with the Bonds. The Board has not participated in the preparation of the Official Statement and has not verified the accuracy of the information therein, other than information respecting the Board.

#### 3. LEGAL MATTERS.

**3.1.** No Litigation. No litigation or proceeding is pending or to the knowledge of the undersigned threatened against the Board in any court or administrative body contesting the validity, due authorization and execution of the Bonds or the Board Documents, attempting to limit, restrain, enjoin or otherwise restrict or prevent the issuance, sale or delivery of the Bonds or the execution, delivery or performance of the Board Documents or in any way questioning or affecting the authority for or the validity of the Bonds, the Board Documents or the existence or powers of the Board.

**3.2.** No Legal Violation. The execution and delivery of the Board Documents, the performance of the terms thereof by the Board and the issuance, sale and delivery of the Bonds will not violate any provision of Missouri law, or any resolution or ordinance of the Board, or any applicable judgment, order, rule or regulation of any court or of any public or governmental agency or authority, and will not conflict with, violate or result in the breach of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Board is a party, or by which it or its properties are bound.

**3.3.** No Interested Officers. No officer, director or employee of the Board is or shall be, either directly or indirectly, a party to or in any manner interested in any contract or agreement of the Board with respect to the Bonds or the Project financed and refinanced thereby, or have a "substantial interest" (as defined in Section 105.450(7) of the Revised Statutes of Missouri, as amended) in the City, or otherwise as will be in violation of any provision of any state statute or any similar law regulating conflicts of interest by officers or employees of public agencies to which the Board is subject.

.

**3.4.** Approvals. All approvals, consents, authorizations and orders required to be obtained by the Board in connection with the issuance, sale and delivery of the Board and the execution and delivery of the Board Documents and the performance of the terms thereof by the Board have been duly obtained.

#### 4. INSTRUCTIONS TO THE TRUSTEE AND BOND REGISTRAR

4.1. Request to Authenticate and Deliver Bonds. The Trustee is hereby requested and authorized by the Board to authenticate the Bonds in the aggregate principal amounts shown above and to deliver the Bonds to The Depository Trust Company for Piper Jaffray & Co., the Underwriter of the Bonds, upon payment to the Trustee for deposit as provided in Section 402 of the Indenture for the account of the Board of the purchase price for the Bonds as set forth in the Bond Purchase Agreement

WITNESS our hands and the seal of the Board this  $3^{rd}$  day of April, 2008.

<u>Signature</u>

**Official Title** 

Peter Kinder

Chairman

Robert V. Miserez 8

Assistant Secretary

[SEAL]

# EXHIBIT A

# Signature Affidavits

.

.

.

# RECEIVED & FILED IN THE OFFICE OF THE SECRETARY OF STATE OF THE STATE OF MISSOURI NOV 1 5 2005

STATE OF MISSOURI ) ) SS. **COUNTY OF COLE** )

I, the undersigned, PETER KINDER, being duly sworn on oath, state and certify that I am the duly qualified and acting Chairman of the Missouri Development Finance Board in the City of Jefferson City, Missouri, and that the signature appearing below is my true and genuine signature and I file herewith this certificate pursuant to Section 105.274, RSMo.

Chairman Missouri Development Finance Board

Subscribed and sworn to before me, Valerie T. Haller, a Notary Public in and for said State, this 5th day of October, 2005.

Notary Public-State of Missouri

(NOTARY SEAL)



VALERIE T. HALLER My Commission Explices February 6, 2009 Marles County Commission #05663470

# IN THE OFFICE OF THE SECRETARY OF STATE OF THE STATE OF MISSOURI RECEIVED AND FILED

SEP \_ 1 1999

STATE OF MISSOURI ) ) SS. COUNTY OF

RECRETARY OF STATE

I, the undersigned, ROBERT V. MISEREZ, being duly sworn on oath, state and certify that 1 am the duly qualified and acting Executive Director/Assistant Secretary of the Missouri Development Finance Board in the City of Jefferson City, Cole County, Missouri, and that the signature appearing below is my signature and I file herewith this certificate pursuant to Section 105.274, RSMo.

Executive Director/Assistant Secretary Missouri Development Finance Board

ander, a Notary Public in and for said Subscribed and sworn to before metamelic State, this 1999. day of

Notary Public-State of Missouri Commissioned in <u>WC</u> County My commission expires: <u>2-22-03</u>



# EXCERPT FROM THE REGULAR MEETING OF THE INDEPENDENCE CITY COUNCIL, MARCH 17, 2008

The Independence City Council met for a Regular Council Meeting, Monday, March 17, 2008, at 6:00 p.m., in the Council Chambers, 111 E. Maple.

Rev. Gordon Smith, Christ United Methodist Church, gave the invocation followed by the Pledge of Allegiance.

Mayor Reimal, Presiding Officer of the City Council, called the meeting to order. On roll call, the following members of the City Council were present: Councilmembers Lucy Young, Marcie Gragg, Will Swoffer, Jim Schultz and Mayor Don Reimal. Absent: Councilmembers Jim Page and Renee Paluka-White. Councilmember Page arrived at 6:18 p.m.

## \*\*\*\*\*\*OTHER PROCEEDINGS\*\*\*\*\*\*

# Bill No. 08-522 entitled, [Ord. #16973]

"AN ORDINANCE AUTHORIZING THE BORROWING OF \$12,325,000 FROM THE MISSOURI DEVELOPMENT FINANCE BOARD IN CONNECTION WITH THE PAYMENT OF COSTS RELATED TO CONSTRUCTION OF A MULTIPURPOSE EVENTS CENTER PROJECT FOR THE CITY; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF THE FINANCING AGREEMENT RELATING TO SUCH PROJECT WITH THE MISSOURI DEVELOPMENT FINANCE BOARD; PROVIDING FOR THE ADMINISTRATION OF CERTAIN SPECIAL ALLOCATION FUNDS PREVIOUSLY CREATED BY THE CITY; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY"

was given its first and second readings by title and placed on final passage. City Manager Robert Heacock answered Mayor Reimal that this project has been discussed in earnest for well over a year. He stated there have been many project approvals up to this point. Most recently the site plan and elevations and layout of the facility have been approved. Mr. Heacock reported that the Board of Directors for the Commercial Improvement District (CID) has authorized a <sup>1</sup>/<sub>2</sub> cent sales tax which will become effective July 1st, 2008. Questions are being asked by citizens regarding the financial status and solvency of Global Enterprises. He said Global Enterprises has disclosed its financial condition to the City and is consistent with filings they have made with the Securities and Exchange Commission. He said that steps are being taken in drafting the Agreement to protect the citizens' interest. The draft of the Agreement will be forthcoming. A construction management company will be engaged to provide additional security to the City and provide assurances that the project is being well managed, inspected properly, and that any cost overruns are dealt with immediately. Mr. Heacock explained there will be a need for annual review of how the shuttle service for the Events Center is working to insure citizens' satisfaction. The shuttle service will be the result of the City, the CID and ultimately a vendor. Councilmember Young stated the Events Center will provide a beautiful gateway into the City that will provide a tourist attraction to draw people into Independence. She said the Events Center and Bass Pro make perfect bookends for the Eastern entrance into Independence. City Manager Robert Heacock stated there is reason to be optimistic about the Events Center and its part in the growth and opportunities of the City of Independence. Upon roll call, the vote was: Ayes - Councilmembers Young, Gragg, Swoffer, Schultz, Page and Mayor Reimal. Noes -None. Absent - Councilmember Paluka-White. The Mayor declared the bill passed.

#### \*\*\*\*\*\*OTHER PROCEEDINGS\*\*\*\*\*\*

At 8:39 p.m., Councilmembers Page and Gragg moved to adjourn to an Adjourned Meeting at 6:00pm, Monday, March 24, 2008. Upon vote, the motion was approved and the Mayor declared the meeting adjourned.

/s/ Don B. Reimal

Presiding Officer of the City Council Of the City of Independence, Missouri

/s/ Bruce Lowrey \_\_\_\_\_ City Clerk

STATE OF MISSOURI ) COUNTY OF JACKSON ) ss CITY OF INDEPENDENCE )

I, Bruce Lowrey, City Clerk of Independence, Missouri, do hereby certify that this document is a true copy of <u>the excerpt of the minutes of the Council meeting of March 17, 2008</u>, of the City of Independence, Missouri.

Witness my hand and seal of said City hereto affixed this 27th day of March, 2008.

Bruce Lowrey, City Clerk

#### **CITY'S CLOSING CERTIFICATE**

#### **MISSOURI DEVELOPMENT FINANCE BOARD**

#### \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

We, the undersigned, hereby certify that we are the duly appointed City Manager and City Clerk of the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City"), and as such we are familiar with the books and records of the City and have all authority necessary to execute this Certificate on behalf of the City. In connection with the issuance of the above-referenced series of bonds (the "Bonds"), by the Missouri Development Finance Board (the "Board"), we hereby further certify for and on behalf of the City as follows:

#### 1. ORGANIZATION AND AUTHORITY

**1.1. Due Organization**. The City is a constitutional charter city and political subdivision of the State of Missouri duly organized validly existing under the laws of the State of Missouri.

**1.2.** Ordinance. Attached hereto as Exhibit A is Ordinance No. 16973 (the "Authorizing Ordinance") which has been duly adopted by the City Council and which has not been amended, altered or repealed and which is in full force and effect as of the date hereof. In addition, Ordinance No. 16973 has not been amended, altered or repealed and is in full force and effect as of the date hereof.

1.3. Regular Meetings. The regular meetings of the governing body of the City are held on the first and third Monday of each month at 6:00 p.m. (unless that Monday is a holiday in which case such regular meeting is held on the following Tuesday). All meetings of the governing body of the City as shown in the Transcript (as defined below) were regular meetings, or meetings held pursuant to regular adjournment at the next preceding meeting, or special meetings called and held as shown in the Transcript, and at all such meetings where required, proper notice was given in the manner required by law including Chapter 610, Missouri Revised Statutes.

**1.4. Incumbency of Officers.** The following named persons are the duly qualified and acting officers of the City during these proceedings:

Name Don B. Reimal Marcie Gragg Will Swoffer Renee J. Paluka Jim Page Jim Schultz Lucy Young Robert Heacock John Pinch Bruce Lowrey <u>Title</u> Mayor Councilmember Councilmember Councilmember Councilmember Councilmember City Manager Deputy City Manager City Clerk

# 2. BOND TRANSCRIPTS AND LEGAL DOCUMENTS

**2.1.** Transcript of Proceedings. The Transcript of Proceedings (the "Transcript") relating to the authorization and issuance of the Bonds includes a true and correct copy of documents delivered by the City relating to the issuance of the Bonds; said Transcript is, to the best of our knowledge, information and belief, full and complete.

2.2. Execution of Documents. The following documents have been executed and delivered in the name and on behalf of the City by its duly authorized officers, pursuant to and in full compliance with the Authorizing Ordinance; the copies of said documents contained in the Transcript are true, complete and correct copies or counterparts of said documents as executed and delivered by the City; and said documents have not been amended, modified or rescinded and are in full force and effect as of the date hereof:

- (a) Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") by and between the Board and the City.
- (b) Tax Compliance Agreement, dated as of April 1, 2008 (the "Tax Compliance Agreement") by and among the Board, the City and the Trustee.
- (c) Bond Purchase Agreement dated March 17, 2008 (the "Bond Purchase Agreement") among the Board, the City and Piper Jaffray & Co., as Underwriter (the "Underwriter").
- (d) Continuing Disclosure Agreement dated as of April 1, 2008 (the "Continuing Disclosure Agreement") executed by the City for the benefit of holders of the Bonds.
- (e) Preliminary Official Statement dated March 5, 2008 and Official Statement dated March 17, 2008 (collectively, the "Official Statement").

The Financing Agreement, the Tax Compliance Agreement, the Continuing Disclosure Agreement, the Bond Purchase Agreement and the Official Statement are sometimes collectively referred to herein as the "City Documents."

2.3. Authorization of Documents. The City has duly authorized, by all necessary action, the execution, delivery and due performance of the City Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated by the City Documents. The City Documents, as executed and delivered, constitute legal, valid and binding obligations of the City in

accordance with their respective terms (except insofar as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws or equitable principles of general application affecting the rights and remedies of creditors and secured parties).

2.4. Representations and Warranties in City Documents. Each of the representations and warranties of the City set forth in the City Documents are true and correct in all material respects as of the date hereof, as if made on the date hereof, and all covenants and conditions to be complied with and obligations to be performed by the City under the City Documents have been complied with and performed and no condition, event or act has occurred which constitutes an event of default, or with notice or lapse of time, or both, would constitute an event of default.

**2.5.** No Event of Default. At the date of this Certificate, no event of default under the City Documents has occurred and is continuing and no event has occurred and is continuing which with notice or lapse of time, or both, would constitute an event of default under the City Documents.

**2.6.** Approval of Indenture. The City hereby approves of the form of the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture"), both by and between the Commerce Bank, N.A., as Trustee, and the Board.

# **3. FINANCIAL INFORMATION**

**3.1.** We have examined the Official Statement relating to the issuance by the Board of the Bonds and, to the best of our knowledge, information and belief, after reasonable investigation, the portions of the Official Statement describing the City, the Redevelopment Projects and the City's financial condition do not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

# 4. LEGAL MATTERS

**4.1.** No Litigation. There are not pending, or to the knowledge of the undersigned threatened, any litigation or legal proceedings, or any basis therefor, material as to the City and to which the City is a party, or to which the property of the City is subject, which will (a) adversely affect the transactions described in the City Documents, (b) adversely affect or question the payments required to be made under any of the City Documents, (c) adversely affect the execution, issuance, delivery, validity or enforceability of the Bonds or the City Documents, (d) in any way contest the due organization, existence or powers of the City, or (e) in any way adversely affect the State of Missouri or the Federal tax-exempt status of the interest on the Bonds or the amounts to be received by the Board pursuant to the Indenture, which are not disclosed in the Official Statement.

**4.2.** Approvals. All currently necessary approvals, whether legal or administrative, have been obtained from any applicable federal, state or local entity or agency required in connection with the execution of the City Documents.

**4.3.** Compliance with Existing Covenants. The City is not in default under nor violating (i) any provision of its Charter or (ii) any indenture, mortgage, lien, agreement, contract, deed, lease, agreement, note, order, judgment, decree or other instrument or restriction of any kind or character to which it is a party or by which it is bound, or to which it or any of its assets is subject. Neither the execution and delivery of the City Documents nor compliance with the terms, conditions and provisions thereof will conflict with or constitute a default under, any of the foregoing.

**4.4.** Legal Counsel. We understand that the factual information and representations contained in this Certificate will be relied upon by the Board in the issuance of the Bonds and by the law firms of Gilmore & Bell, P.C. in rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes and that the Underwriter will rely on such information and representations in connection with its purchase of the Bonds.

#### 5. TAX INCREMENT FINANCING COMMISSION PROCEEDINGS

5.1 Eastland Center Project; Hartman Heritage Project; Centerpoint Project; Trinity Project. Other than a meeting and public hearing held on January 10, 2008, and passage of resolutions on that date, the Tax Increment Financing Commission (the "Commission") has undertaken no activities related to the Eastland Center Project or the Eastland Tax Increment Financing Plan since May 17, 2000; on the Hartman Heritage Project or the Hartman Heritage Tax Increment Financing Plan since April 8, 1998; on the Centerpoint Project or the Centerpoint Tax Increment Financing Plan since October 7, 2004 and on the Trinity Project or the Trinity Tax Increment Financing Plan since August 31, 2005. All representations in the Commission's prior Closing Certificates attached hereto as **Exhibit B-II** are true and correct as of the date hereof. In addition, the City makes the following representations:

(a) The Commission held a meeting and public hearing on January 10, 2008 with respect to the amendments to the Eastland, Hartman Heritage, Centerpoint and Trinity Redevelopment Plans on January 10, 2008. Attached hereto as **Exhibit B-III** is a copy of the notice posted by the Commission in connection with said meeting, affidavits of publication of the public hearing and the resolution passed by the Commission with respect to each such Redevelopment Plan. The above-described meeting and public hearing of the Commission was a regular meeting, or a meeting held pursuant to regular adjournment at the next preceding meeting, or special meetings called and held as required by law. Such meeting was open to the public and a quorum was present and acted throughout, and proper notice of such meeting was given in the manner required by law, including Chapter 610 of the Revised Statutes of Missouri.

(b) With respect to the Trinity Redevelopment Plan, included in **Exhibit B-III** is a copy of the notice posted by the commission in connection with their meeting of August 31, 2005, together with affidavits of publication of the notice of said meeting. The meeting and public hearing of the Commission held on that date was a regular meeting, or meeting held pursuant to regular adjournment at the next preceding meeting, or special meeting called and held as required by law. The meeting was open to the public and a quorum was present and acted throughout, and proper notice of the meeting was given in the manner required by law, including Chapter 610 of the Revised Statutes of Missouri. No member of the Commission or employee or consultant of the Commission who owns or controls an interest, direct or indirect, in the Trinity Redevelopment Area has had any official involvement in regard to the Trinity Redevelopment Project or the Trinity Redevelopment Area.

(c) The persons named below are on this date the duly appointed or elected, qualified and acting officers and commissioners of the Commission, holding the respective offices set opposite their names:

## <u>Name</u>

# <u>Title</u>

| Sue Shirk           | Chairman     |
|---------------------|--------------|
| Vaughn Cornish      | Commissioner |
| Myron Paris         | Commissioner |
| Martin Kuny         | Commissioner |
| Selene Madrid       | Commissioner |
| Ron Bruch           | Commissioner |
| Ira Anders          | Commissioner |
| Ruth Bauch          | Commissioner |
| Dr. Robert Clothier | Commissioner |
| Jim Coen            | Commissioner |
| Bill Cowling        | Commissioner |
| Dr. Larry Ewing     | Commissioner |
| Steve Knabe         | Commissioner |
| Robert Phillips     | Commissioner |
| Blake Roberson      | Commissioner |
| William Rogers      | Commissioner |
| Dr. John Ruddy      | Commissioner |
| Fred Siems          | Commissioner |
| Mark Trosen         | Commissioner |
| Ann Marie Wheeler   | Commissioner |

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, we have hereunto set our hands this  $3^{rd}$  day of April, 2008.

# **CITY OF INDEPENDENCE, MISSOURI**

By:

Name: Robert Heacock Title: City Manager

[SEAL]

ATTEST:

Mr Lowm Name: Bruce Lowrey Title: City Clerk

EXHIBIT A

ORDINANCE

.

#### BILL NO. 08-522

#### ORDINANCE NO. 16973

AN ORDINANCE AUTHORIZING THE BORROWING OF \$12,325,000 FROM THE MISSOURI DEVELOPMENT FINANCE BOARD IN CONNECTION WITH THE PAYMENT OF COSTS RELATED TO CONSTRUCTION OF A MULTIPURPOSE EVENTS CENTER PROJECT FOR THE CITY; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF THE FINANCING AGREEMENT RELATING TO SUCH PROJECT WITH THE MISSOURI DEVELOPMENT FINANCE BOARD; PROVIDING FOR THE ADMINISTRATION OF CERTAIN SPECIAL ALLOCATION FUNDS PREVIOUSLY CREATED BY THE CITY; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Independence, Missouri (the "City"), is a constitutional charter city and political subdivision of the State of Missouri duly created, organized and existing under the constitution and laws of the State of Missouri; and,

WHEREAS, pursuant to the Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of the State of Missouri, as amended (the "CID Act"), the City Council did on December 20, 2007 by the passage of Ordinance No. 16905 (the "CID Approval Ordinance") form the Independence Events Center Community Improvement District (the "CID") as a political subdivision of the State of Missouri; and,

WHEREAS, on February 26, 2008, the qualified voters of the CID authorized a sales tax to be levied by the CID at a maximum rate of 1% (the "CID Sales Tax"); and,

WHEREAS, by resolution of its Board of Directors, the CID has initially imposed the CID Sales Tax at a rate of .5%; and,

WHEREAS, the CID Sales Tax was imposed to assist the City in financing the design, development and construction of a multipurpose events center facility to be owned by the City and related infrastructure improvements and land acquisition (the "Project"); and,

WHEREAS, the City and the CID have entered into a Cooperative Agreement related to the application of the CID Sales Tax (the "Cooperative Agreement"); and,

WHEREAS, the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the "TIF Act"), authorizes municipalities to form tax increment financing commissions, and to undertake redevelopment projects in blighted, conservation or economic development areas, as defined in the TIF Act; and,

WHEREAS, the City passed Ordinance No. 12226 on November 16, 1992, establishing in accordance with the requirements of the TIF Act the City of Independence, Missouri Tax Increment Financing Commission (the "Commission"); and,

WHEREAS, the City passed Ordinance Nos. 13903, 13904, 14393, 15267, 15910 and 16187 (collectively, the "TIF Approval Ordinances"), in connection with various findings and determinations required by the TIF Act, including but not limited to: (i) designation of four separate "redevelopment areas," as defined in the TIF Act (separately, the "Hartman Heritage Redevelopment Area," the "Eastland Redevelopment Area," the "Trinity Redevelopment Area" and the "Centerpoint Redevelopment Area,"

and, collectively, the "Redevelopment Areas"), (ii) declarations that the Redevelopment Areas are blighted areas under the TIF Act, and (iii) adoption of tax increment financing with respect to the Redevelopment Areas in order to finance certain costs of developing the Redevelopment Areas (the "Hartman Heritage Project," the "Eastland Project," the "Trinity Project" and the "Centerpoint Project," and, collectively, the "Redevelopment Projects"); and,

WHEREAS, the City and each of the developers of the Redevelopment Areas have entered into tax increment financing redevelopment agreements related to the applicable Redevelopment Project as may be amended from time to time (separately, the "Hartman Heritage Redevelopment Agreement," the "Eastland Redevelopment Agreement," the "Trinity Redevelopment Agreement" and the "Centerpoint Redevelopment Agreement," and, collectively, the "Redevelopment Agreements"); and,

WHEREAS, the City has determined that it is necessary and desirable that the City finance a portion of the Costs of the Project (as defined herein) by obtaining a loan from the Missouri Development Finance Board (the "Board") in the aggregate principal amount of \$12,325,000 (the "Loan") pursuant to the terms of a Financing Agreement dated as of April 1, 2008 (the "Financing Agreement"); and,

WHEREAS, the City will apply the proceeds of the Loan to (1) pay certain Costs of the Project, (2) provide for the funding of a reserve fund for repayment of the Loan, (3) pay a portion of the interest due on the Loan, and (4) pay the costs of incurring the Loan; and,

WHEREAS, it is hereby found and determined that it is necessary and advisable and in the best interest of the City and of its inhabitants that City obtain the Loan from the Board in the form and manner as hereinafter provided to provide funds for the above-described purposes and to provide for the repayment of said Loan all as more fully described herein;

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

#### **ARTICLE I- DEFINITIONS**

Section 101. Definitions of Words and Terms. In addition to words and terms defined in the Recitals to the Ordinance and elsewhere in this Ordinance, the following capitalized words and terms as used in this Ordinance shall have the following meanings:

"Additional Payments" shall have the meaning set forth in the applicable financing agreement.

"Bonds" means the \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2008D, issued by the Board.

"CID EATS" means 50% of the revenues of the CID Sales Tax which are captured as Economic Activity Tax Revenues in the Redevelopment Areas.

"CID Sales Tax Revenues" means of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the City for administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and

(vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue.

"Costs of the Project" means that portion of the costs of completion of the Project to be paid for from proceeds of the Loan.

"Economic Activity Tax Account" means the Economic Activity Tax Account in the applicable Special Allocation Fund described in Sections 501 and 502 hereof.

"Economic Activity Tax Revenues" means fifty percent (50%) of the total additional revenue from sales taxes which are imposed by the City or other taxing districts, and which are generated by economic activities within the applicable Redevelopment Area over the amount of such taxes generated by economic activities within the applicable Redevelopment Area in the calendar year prior to the adoption of the applicable TIF Ordinance, while tax increment financing remains in effect, but excluding (i) taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and (ii) personal property taxes, other than Payments in Lieu of Taxes, all as determined in accordance with the TIF Act.

"Incremental Tax Revenues" means, collectively, the Payments in Lieu of Taxes and, subject to annual appropriation as provided herein, Economic Activity Tax Revenues with respect to each applicable Redevelopment Area.

"Loan Payments" shall have the meaning set forth in the applicable financing agreement.

"Ordinance" means this Ordinance as from time to time amended in accordance with the terms hereof.

"Outstanding Bonds" means the following series of bonds, together with any bonds issued hereafter on a parity with such bonds or bonds issued to refund such bonds:

a. \$19,390,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Eastland Center Project) Series 2007A (the "2007A Eastland Bonds")

b. \$8,000,000 original principal amount Infrastructure Facilities Revenues Bonds (City of Independence, Missouri – Eastland Center Project) Series 2008C (the "2008C Eastland Bonds," together with the Series 2007A Eastland Bonds and any other bonds hereafter issued on a parity therewith or bonds issued to refund such bonds, the "Outstanding Eastland Bonds")

c. \$8,715,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Hartman Heritage Center Project Phase II) Series 2003 (the "Series 2003 Hartman Bonds")

d. \$10,330,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Hartman Heritage Centre Project) Series 2007B (the "Series 2007B Hartman Bonds," together with the Series 2003 Hartman Bonds and any other bonds hereafter issued on parity therewith or bonds issued to refund such bonds, the "Outstanding Hartman Bonds")

e. \$4,980,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Centerpoint Project) Series 2006F (the "Series 2006 Centerpoint Bonds")

f. \$19,720,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Centerpoint Project) Series 2007E (the "Series 2007 Centerpoint Bonds," together with the Series 2006 Centerpoint Bonds and any other bonds hereafter issued on parity therewith or bonds issued to refund such bonds, the "Outstanding Centerpoint Bonds")

"Payments in Lieu of Taxes" means, when collected by the City, the payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in each applicable Redevelopment Area over and above the certified total initial equalized assessed value of each such unit of property in each applicable Redevelopment Area on the date of the adoption of the applicable TIF Ordinance, all as determined in accordance with the TIF Act.

"PILOTS Account" means the PILOTS Account in the applicable Special Allocation Fund as described in Section 501 hereof.

"Redevelopment Area" means the area described in the applicable Redevelopment Agreement as the Redevelopment Area with respect to which the governing body of the City has adopted tax increment financing in accordance with the TIF Act pursuant to the applicable Redevelopment Plan.

"Redevelopment Costs" means the "redevelopment project costs," as defined in the TIF Act, that may be paid through tax increment financing and which the City has agreed to pay under the applicable Redevelopment Agreement.

"Special Allocation Fund" means, as applicable, the Special Allocation Funds established for the Hartman Heritage Project, the Eastland Project, the Centerpoint Project and the Trinity Project, which are ratified and confirmed by Section 501 hereof.

"State" means the State of Missouri.

"TIF Ordinance" means the Ordinance passed by the City pursuant to which the City has commenced the 23 year period contained in the TIF Act for each Redevelopment Area.

#### **ARTICLE II**

#### **AUTHORIZATION FOR LOAN**

Section 201. Authorization for the Loan. The City is hereby authorized to borrow from the Board a sum equal to \$12,325,000 in order to permit the City to (1) pay the Costs of the Project, (2) provide for the funding of a reserve fund for repayment of the Loan, (3) pay a portion of the interest due on the Loan, and (4) pay the costs of incurring the Loan.

Section 202. Authorization of Documents. In connection with the Loan the City is hereby authorized to execute and deliver the following documents:

(a) the Financing Agreement.

- (b) the Tax Compliance Agreement dated as of April 1, 2008 (the "Tax Compliance Agreement") among the Board, the City and Commerce Bank, N.A., as trustee (the "Trustee").
- (c) the Continuing Disclosure Agreement dated as of April 1, 2008 (the "Continuing Disclosure Agreement") between the City and the Trustee, as Dissemination Agent.

(the "City Documents") in substantially the form presented to and submitted to the City and available for review by the City Council (copies of which document shall be filed in the records of the City), with such changes therein as shall be approved by the officers executing such documents, such officers' signatures thereon being conclusive evidence of their approval thereof.

Section 203. Limited Obligations. Except as provided herein in Article III hereof, the City's obligation to make payments under the Financing Agreement shall be subject to annual appropriation and shall not constitute a debt, liability or indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction, all as more fully provided in the Financing Agreement.

Section 204. Execution of Documents. The City Manager, Finance Director and the City Clerk are hereby authorized and directed to execute and deliver the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 205. Ratification of Approvals and Designations. The City has previously passed the TIF Approval Ordinances approving the Redevelopment Plans, approving the Redevelopment Projects referred to therein, designating the Redevelopment Areas, designating the developers for each Redevelopment Area, and authorizing the execution of the Redevelopment Agreements with the designated developers to carry out the Redevelopment Plans. The City has previously passed the CID Approval Ordinance approving the formation of the CID by the City. The City hereby ratifies and confirms such approvals and designations and represents that the TIF Approval Ordinances and the CID Approval Ordinance are in full force and effect.

#### **ARTICLE III**

#### SECURITY FOR THE LOAN

#### Section 301. Security for the Loan.

(a) Except as provided in the following paragraph, the City's obligation to make payments pursuant to the Financing Agreement shall be subject to annual appropriation as provided in the Financing Agreement.

Notwithstanding the foregoing, CID Sales Tax Revenues are not subject to annual appropriation and are hereby pledged by the City pursuant to this **Section 301** to secure the payments required pursuant to the Financing Agreement.

(b) As additional security for the City's obligation to payments pursuant to the Financing Agreement, such payments shall be payable from and secured as to the payment of principal and interest by, subject to annual appropriation by the City Council as provided herein, on a subordinate basis as provided in Section 502, the CID EATS deposited in the Economic Activity Tax Accounts of the Special Allocation Funds relating to the Centerpoint Project, the Hartman Heritage Project and the Eastland Project, and on a priority basis as provided in Section 502 from the CID EATS deposited in the Economic

Activity Tax Account of the Special Allocation Fund relating to the Trinity Project. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The Loan shall not constitute a general obligation of the City, nor shall it constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

The moneys and securities held in, and moneys and securities to be deposited in, the Special Allocation Funds constituting CID EATS, and the CID Sales Tax Revenues are hereby pledged to the payment of the Loan; provided, however CID EATS deposited therein shall remain subject to annual appropriation as described herein. Such pledge is on parity with the pledge of the City securing all other loans to be incurred by the City with respect to Project Costs, to the extent provided in the ordinance authorizing each such loan.

The City currently intends to appropriate in each year the CID EATS in the Special Allocation Funds relating to the Centerpoint Project, the Eastland Project, the Hartman Heritage Project and the Trinity Project to the repayment of the Loan. In preparing the City's annual budget the City Manager shall include or cause to be included in each budget submitted to the City Council such appropriation. Notwithstanding the foregoing, the decision of whether or not to appropriate is solely within the discretion of the City Council. In the event the City Council votes to not appropriate such CID EATS, the City shall immediately notify in writing the following persons of such event of nonappropriation: (i) the Board, (ii) Commerce Bank, N.A., as trustee for the Bonds, (iii) each nationally recognized municipal securities repository, and (iv) each nationally recognized rating agency which currently maintains a rating on any of the City's bonds or the Board's bonds issued for the benefit of the City.

In the event Bond Counsel delivers to the City an opinion to the effect that Missouri law no longer requires that the pledge of the Economic Activity Tax Revenues be subject to annual appropriation, the City agrees to amend this Ordinance to delete such requirement with respect to the CID EATS.

#### **ARTICLE IV**

#### APPLICATION OF CID SALES TAX REVENUES

#### Section 401. Application of CID Sales Tax Revenues.

(a) Not later than the last Business Day preceding each April 1 and October 1, commencing October 1, 2008, the City shall transfer to the Trustee from the CID Sales Tax Revenues, to the extent available, an aggregate amount equal to the Loan Payments due under the Financing Agreement and any other financing agreement relating to bonds issued to fund Project Costs that are secured on a parity with the Bonds; provided, however, in the event the amount to be so transferred is less than the amount required to make such Loan Payments, the City shall allocate such amounts on a pro rata basis based upon the principal amount of the outstanding Loan Payments.

(b) Upon receipt by the City of written notice from the Trustee that the balance in any Debt Service Reserve Fund established under the Indenture related to the Bonds (the "Indenture") is less than the Debt Service Reserve Requirement (as defined in the Indenture) for the Bonds and any other bonds issued to fund Project Costs that are secured on a parity basis with the Bonds, the City shall transfer to the Trustee from the CID Sales Tax Revenues, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement provided, however, in the event the amount to be so transferred is less than the amount required to make such Additional Payments, the City shall allocate such amounts on a pro rata basis based upon the applicable Debt Service Reserve Requirement.

(c) All CID Sales Tax Revenues, after making the foregoing payments, shall be expended at the discretion of the City for any purposes allowed by the CID Act and the Cooperative Agreement.

#### ARTICLE V

#### SPECIAL ALLOCATION FUNDS

Section 501. Special Allocation Funds. The Eastland Special Allocation Fund, the Hartman Heritage Special Allocation Fund, the Trinity Special Allocation Fund and the Centerpoint Special Allocation Fund, as created by the TIF Authorizing Ordinances, and within each such Special Allocation Funds the PILOTS Account and Economic Activity Tax Account previously established therein, are hereby ratified and confirmed.

Said fund and accounts shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. The funds and accounts referred to above shall be maintained and administered by the City solely for the purposes and in the manner as provided in this Ordinance so long as any portion of the Loan remains Outstanding and unpaid.

#### Section 502. Administration of Special Allocation Funds.

Subject to annual appropriation by the City Council of the City, the CID EATS are pledged, on a subordinate basis relating to the Centerpoint Project, the Hartman Heritage Project and the Eastland Project and on a priority basis from the CID EATS deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to the Trinity Project, all as further described in this Section. The pledge of the CID EATS to the repayment of the Loan is on parity with the pledge of the City securing all other loans to be incurred by the City with respect to Project Costs to the extent provided in the ordinance authorizing each loan.

The Special Allocation Funds shall be administered as follows:

(a) The moneys in the Centerpoint Special Allocation Fund shall be administered and applied solely for the purposes and in the manner provided in this Ordinance and the ordinances of the City authorizing the loans relating to the Outstanding Centerpoint Bonds. At any time moneys are to be withdrawn, transferred or paid from the Centerpoint Special Allocation Fund, such withdrawals, transfers or payment shall be made from (i) the PILOTS Account, and (ii) the Economic Activity Tax Account in that order.

The City hereby agrees to deposit into the Centerpoint Special Allocation Fund as received all Incremental Tax Revenues from the Centerpoint Redevelopment Area. The Incremental Tax Revenues shall be determined, collected and applied in the manner provided by law. Payments in Lieu of Taxes from the Centerpoint Redevelopment Area shall be deposited into the PILOTS Account of the Centerpoint Special Allocation Fund, and subject to annual appropriation as provided in the ordinances authorizing the loans related to the Outstanding Centerpoint Bonds, all Economic Activity Tax Revenues from the Centerpoint Redevelopment Area shall, as and when received by the City, be deposited into the Economic Activity Tax Account of the Centerpoint Special Allocation Fund. All interest earnings on moneys in the Centerpoint Special Allocation Fund shall be credited to and deposited in the Centerpoint Special Allocation Fund.

The Special Allocation Fund related to the Centerpoint Project shall be administered by the City as follows:

i. Payment of arbitrage rebate, if any, owed with respect to the Outstanding Centerpoint Bonds and any additional bonds or obligations issued on a parity therewith, including any costs of calculating arbitrage rebate;

ii. Payment of fees and expenses owing to any Trustee for the Outstanding Centerpoint Bonds and any additional bonds or obligations issued on a parity therewith, upon delivery to the City of an invoice for such amount;

iii. Payment of fees and expenses incurred by the City in the administration of the Centerpoint Redevelopment Plan and the Centerpoint Redevelopment Agreement, which fees and expenses shall be in addition to other costs identified in the Redevelopment Agreement;

iv. Payment of \$2,000,000 to the Blue Springs R-IV School District, which may be paid in a lump sum or in the amount of \$177,000 per year; such amount being funded from the proceeds of the loans related to the Outstanding Centerpoint Bonds and any additional bonds or obligations issued on a parity therewith;

v. Payment of certain City transportation capital costs to the City in an amount equal to \$100,000 per year;

vi. Payment of scheduled principal of, premium, if any, and interest becoming due (by reason of maturity or mandatory sinking fund redemption) on the loans related to the Outstanding Centerpoint Bonds and any additional loan related to bonds or obligations secured on a parity therewith;

vii. Replenishment of any deficiency in any payments or debt service reserve fund related to the loans related to the Outstanding Centerpoint Bonds and any additional bonds or obligations issued on a parity therewith;

viii. Reimbursement of other redevelopment project costs (including the Developer Reimbursable Project Costs as defined in the Centerpoint Redevelopment Agreement) not paid from the proceeds of loans incurred for payment of costs paid pursuant to the Centerpoint Redevelopment Plan, including without limitation use of an amount equal to the CID EATS for repayment of the Loan and any loan secured on a parity with the Loan prior to payment of other costs described in this subparagraph;

ix. Payment to the City of amounts to offset any deficit in payments in lieu of taxes under the City's Midtown Truman Road Redevelopment Plan due to the closing of the Independence Regional Health Center, but only until the Midtown Truman Road Redevelopment Plan terminates;

x. Payment of capital costs of the Independence School District in an amount not to exceed \$5,500,000, to the extent Incremental Tax Revenues from the Centerpoint Redevelopment Area are available to make such payments;

xi. If applicable, reimbursement to any district providing emergency services within the Centerpoint Redevelopment Area, to the extent required by the TIF Act or, in lieu thereof, such amount as may be set forth in a cooperative agreement between the City and any such district, subject to the Centerpoint project developer's approval; and

xii. Any surplus amounts that result after all of the above payments have been made shall be disbursed as surplus payment to the taxing districts pursuant to the TIF Act.

(b) The moneys in the Eastland Special Allocation Fund shall be administered and applied solely for the purposes and in the manner provided in this Ordinance and the ordinances of the City authorizing the loans relating to the Outstanding Eastland Bonds. At any time moneys are to be withdrawn, transferred or paid from the Eastland Special Allocation Fund, such withdrawals, transfers or payment shall be made from (i) the PILOTS Account, and (ii) the Economic Activity Tax Account in that order.

The City hereby agrees to deposit into the Eastland Special Allocation Fund as received all Incremental Tax Revenues from the Eastland Redevelopment Area. The Incremental Tax Revenues shall be determined, collected and applied in the manner provided by law. Payments in Lieu of Taxes from the Eastland Redevelopment Area shall be deposited into the PILOTS Account of the Eastland Special Allocation Fund, and subject to annual appropriation as provided in the ordinances authorizing the loans related to the Outstanding Eastland Bonds, all Economic Activity Tax Revenues from the Eastland Redevelopment Area shall, as and when received by the City, be deposited into the Economic Activity Tax Account of the Eastland Special Allocation Fund. All interest earnings on moneys in the Eastland Special Allocation Fund shall be credited to and deposited in the Eastland Special Allocation Fund.

The Eastland Special Allocation Fund related to the Eastland Project shall be administered by the City as follows:

(i) Not later than the last Business Day of each March and September the City shall transfer to the Trustee from the Eastland Special Allocation Fund, to the extent available, an aggregate amount equal to the Loan Payments due under any financing agreement relating to the Outstanding Eastland Bonds; provided, however, in the event the amount to be so transferred is less than the amount required to make such Loan Payments, the City shall allocate such amounts on a pro rata basis based upon the principal amount of the outstanding Loan Payments.

(ii) Upon receipt by the City of written notice from the Trustee that the balance in any Debt Service Reserve Fund established under the Indenture related to the Outstanding Eastland Bonds (the "Eastland Indenture") is less than the Debt Service Reserve Requirement (as defined in the Eastland Indenture) for the Outstanding Eastland Bonds, the City shall transfer to the Trustee from the Eastland Special Allocation Fund, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the applicable Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement provided, however, in the event the amount to be so transferred is less than the amount required to make such Additional Payments, the City shall allocate such amounts on a pro rata basis based upon the applicable Debt Service Reserve Requirement.

(iii) All moneys remaining in the Eastland Special Allocation Fund, after making the foregoing payments, shall be expended at the discretion of the City for one or more of the following purposes, without any priority among them (except that the withdrawal of CID EATS for the purposes described herein shall have first priority to the extent allowed by the Eastland Redevelopment Agreement):

1. for the purpose of paying any Redevelopment Costs, including without limitation withdrawal of the CID EATS for payment of the Loan and any loan secured on a parity therewith; or

2. for the purpose of prepaying any Loan Payments or Additional Payments due under the any financing agreement relating to the Outstanding Eastland Bonds; or

3. for the purpose of establishing such additional reserves as may be deemed necessary by the City; or

4. for the purpose of reimbursing the City for any transfer of any legally available funds to the Eastland Special Allocation Fund; or

5. for the purpose of distributing such funds to the taxing districts or municipal corporations in accordance with the Act; or

6. for any other purpose set forth in the Eastland Redevelopment Agreement for the Eastland Redevelopment Project as may be authorized under the Act.

(c) The moneys in the Hartman Heritage Special Allocation Fund shall be administered and applied solely for the purposes and in the manner provided in this Ordinance and the ordinances of the City authorizing the loans relating to the Outstanding Hartman Heritage Bonds. At any time moneys are to be withdrawn, transferred or paid from the Hartman Heritage Special Allocation Fund, such withdrawals, transfers or payment shall be made from (i) the PILOTS Account, and (ii) the Economic Activity Tax Account in that order.

The City hereby agrees to deposit into the Hartman Heritage Special Allocation Fund as received all Incremental Tax Revenues from the Hartman Heritage Redevelopment Area. The Incremental Tax Revenues shall be determined, collected and applied in the manner provided by law. Payments in Lieu of Taxes from the Hartman Heritage Redevelopment Area shall be deposited into the PILOTS Account of the Hartman Heritage Special Allocation Fund, and subject to annual appropriation as provided in the ordinances relating to the Outstanding Hartman Bonds, all Economic Activity Tax Revenues from the Hartman Heritage Redevelopment Area shall, as and when received by the City, be deposited into the Economic Activity Tax Account of the Hartman Heritage Special Allocation Fund. All interest earnings on moneys in the Hartman Heritage Special Allocation Fund shall be credited to and deposited in the Hartman Heritage Special Allocation Fund.

The Special Allocation Fund related to the Hartman Heritage Project shall be administered by the City as follows:

(i) Not later than the last Business Day of each March and September, the City shall transfer to the Trustee from the Hartman Heritage Special Allocation Fund, to the extent available, an aggregate amount equal to the Loan Payments due under any financing agreement related to the Outstanding Hartman Bonds; provided, however, in the event the amount to be so transferred is less than the amount required to make such Loan Payments, the City shall allocate such amounts on a pro rata basis based upon the principal amount of the outstanding Loan Payments.

(ii) Upon receipt by the City of written notice from the Trustee that the balance in any Debt Service Reserve Fund established under the Indenture related to the Outstanding Hartman Heritage Bonds (the "Hartman Heritage Indenture") is less than the Debt Service Reserve Requirement related to any outstanding Hartman Heritage Bonds (as defined in the Hartman Heritage Indenture) or any other bonds issued under the Hartman Heritage Indenture, the City shall transfer to the Trustee from the Hartman Heritage Special Allocation Fund, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the applicable Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement provided, however, in the event the amount to be so transferred is less than the amount required to make such Additional Payments, the City shall allocate such amounts on a pro rata basis based upon the applicable Debt Service Reserve Requirement.

(iii) Upon receipt by the City of written notice from the Trustee that the balance in the Second Loss Debt Service Reserve Fund (as defined in the Hartman Heritage Indenture) is less than the Second Loss Debt Service Reserve Requirement (as defined in the Hartman Heritage Indenture), the City shall transfer to the Trustee from the Hartman Heritage Special Allocation Fund, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the Second Loss Debt Service Reserve Fund to an amount equal to the Second Loss Debt Service Reserve Requirement; provided, however, no payments shall be made pursuant to subparagraph (iii) if the City has failed to make any payments due under subparagraphs (i) or (ii) above.

(iv) All moneys remaining in the Hartman Heritage Special Allocation Fund, after making the foregoing payments, shall be expended at the discretion of the City for one or more of the following purposes, without any priority among them (except that the withdrawal of CID EATS for the purposes described herein shall have first priority to the extent allowed by the Hartman Heritage Redevelopment Agreement):

1. for the purpose of paying any Redevelopment Costs, including without limitation withdrawal of the CID EATS for payment of the Loan and any loan secured on a parity therewith; or

2. for the purpose of prepaying any Loan Payments or Additional Payments due under any financing agreement related to the Outstanding Hartman Bonds; or

3. for the purpose of establishing such additional reserves as may be deemed necessary by the City; or

4. for the purpose of reimbursing the City for any transfer of any legally available funds to the Hartman Heritage Special Allocation Fund; or

5. for the purpose of distributing such funds to the taxing districts or municipal corporations in accordance with the Act; or

6. for any other purpose set forth in the Hartman Heritage Redevelopment Agreement for the Hartman Heritage Redevelopment Project as may be authorized under the Act.

(d) The moneys in the Special Allocation Fund established for the Trinity Project shall be administered and applied solely for the purposes and in the manner provided in this Ordinance and the Trinity Redevelopment Agreement, provided that, subject to annual appropriation by the City Council of the City, CID EATS deposited in such Special Allocation Fund shall be withdrawn on a first priority basis for repayment of the Loan and any loan secured on a parity therewith.

Section 503. Investments. Moneys in the Special Allocation Funds shall be continuously and adequately secured as provided by the laws of the State.

#### **ARTICLE VI**

#### **MISCELLANEOUS PROVISIONS**

Section 601. Further Authority. The officers of the City, including the City Manager, Finance Director and the City Clerk, are hereby authorized and directed to execute all documents, and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make any changes or additions in this Ordinance and the foregoing agreements. statements, instruments and other documents herein approved, authorized and confirmed which they determine to be in the City's best interest, and the execution or taking of such action shall be conclusive evidence of such determination.

Section 602. Severability. If any section or other part of this Ordinance, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

Section 603. Governing Law. This Ordinance shall be governed exclusively by and constructed in accordance with the applicable laws of the State.

Section 604. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the City Council.

Section 605. Emergency. This Ordinance, in the judgment of the Council, is deemed to be of an urgent nature and its immediate passage is necessary for the preservation of the public peace, property, health, safety and welfare of the residents of the City of Independence and should become effective immediately upon the date of its passage for the reason that immediate action is necessary to enable the Board to accept the best offer to purchase the Bonds while the offer is still valid.

PASSED AS AN EMERGENCY THIS 17th DAY OF MARCH , 2008, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

Presiding Officer of the City Council of the City of Independence, Missouri

ATTEST:

City Cler

ED AS TO FORM AND LEGALITY: APPROV

City Counselor

# STATE OF MISSOURI)COUNTY OF JACKSON)CITY OF INDEPENDENCE)

I, Bruce Lowrey, City Clerk of Independence, Missouri, do hereby certify

that this document is a true copy of Ordinance No. 16973 of the City of Independence, Missouri.

Witness my hand and seal of said City hereto affixed this  $21^{st}$  day of March, 2008.

Bruce Lowrey, City Clerk

#### **CID'S CLOSING CERTIFICATE**

#### **Relating to**

## \$12,325,000 Independence Events Center Community Improvement District Special Assessment Revenue Bonds Series 2007A

We, the undersigned, duly authorized officials of the Independence Events Center Community Improvement District (the "District"), in connection with the issuance of the above-described bonds (the "Bonds") by the Missouri Development Finance Board (the "Board"), hereby certify as follows:

Capitalized terms used in this Certificate, unless the context requires otherwise, shall have the same meanings as set forth in Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") by and between the Board and Commerce Bank, N.A., as Trustee (the "Trustee").

1. Organization and Authority. The District is a community improvement district and political subdivision organized and existing under the laws of the State of Missouri. The District has complied with all provisions of the Constitution and the laws of the State of Missouri and has full power and authority to consummate all transactions contemplated by the document described in paragraph 4 below (the "Cooperative Agreement") and any and all other agreements relating thereto. Attached as **Exhibit A** hereto are proceedings related to the formation of the District, including the petition of property owners submitted to the City of Independence, Missouri (the "City") and ordinance of the City forming the District.

Meetings and Resolutions. Attached hereto is a true, complete and correct copy of 2. resolutions and minutes which were duly adopted by the Board of Directors (the "Resolutions"), authorizing, among other things, the imposition of the CID Sales Tax. All meetings of the Board of Directors of the District as shown in the attachments hereto were regular meetings or meetings held pursuant to regular adjournment at the next preceding meeting, or special meetings called and held as shown in the attachments, for which proper notice was given in the manner required by law, including Chapter 610 of the Revised Statutes of Missouri, as amended. Proceedings related to the imposition of the CID Sales Tax are attached as Exhibit B hereto. Attached hereto as Exhibit C hereto are proceedings related to the meetings of the Board of Directors of the District held on January 4, 2008 and March 5, 2008. Notice of all meetings of the Board of Directors was posted at least 24 hours prior to the commencement of the meeting on a bulletin board or other prominent place which is easily accessible to the public and clearly designated for posting notices at City Hall in Independence, Missouri, the principal meeting place of the Board of Directors, and was made available at least 24 hours prior to the commencement of said meting to any representative of the news media who requested notice of the meeting.

3. *Incumbency of Officers.* The following named persons are on the date hereof the duly qualified and acting officers of the District:

| Name            | <u>Title</u>                    |  |
|-----------------|---------------------------------|--|
| Larry Kaufman   | Chairman and Executive Director |  |
| Stephanie Roush | Vice Chairman and Director      |  |
| Vernon Meckel   | Secretary and Director          |  |
| James C. Harlow | Treasurer and Director          |  |
| Tom Thomas      | Director                        |  |

4. Execution of Documents. The Cooperative Agreement between the City and the District dated December 21, 2007 has been executed and delivered in the name and on behalf of the District by its duly authorized officers, pursuant to and in full compliance with the Resolution adopted on January 4, 2008, as shown in the attachments; the copy of the Cooperative Agreement contained in the transcript of proceedings related to the issuance of the Bonds is a true, complete and correct copy or counterpart of the Cooperative Agreement as executed and delivered by the District and is in substantially the same form and text as the copy of the Cooperative Agreement which was before the Board of Directors of the District and approved by said Resolution, and said document has not been amended, modified or rescinded and is in full force and effect as of the date hereof.

5. Preliminary Official Statement and Official Statement. To the best of our knowledge, in the Preliminary Official Statement dated March 5, 2008 and in the final Official Statement dated as of March 17, 2008, the information describing the District and the CID Sales Tax does not contain an untrue statement of a material fact or omit to state a material fact (except for the omission of such information in the Preliminary Official Statement as is permitted by Rule 15c2-12(b)(1) of the Securities and Exchange Commission) necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. As of this date there has been no material adverse change in the financial condition or the financial affairs of the District since the date of the issuance of the Preliminary Official Statement or the final Official Statement, and no other event has occurred which is necessary to be disclosed in the Preliminary Official Statement or the final Official Statement in order to make the statements therein not misleading in any material respect as of the date hereof.

6. Cooperative Agreement Authorized and Binding. The District has duly authorized, by all necessary action, the execution, delivery, receipt and due performance of the Cooperative Agreement, and any and all such other agreements and documents as may be required to be executed, delivered and received by the District in order to carry out, give effect to and consummate the transactions contemplated by the Cooperative Agreement. The Cooperative Agreement, as executed and delivered, constitutes a legal, valid and binding obligation of the District enforceable in accordance with its terms (subject, as to enforcement, to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or against municipalities or state agencies or authorities such as the District from time to time in effect, and to applicable principles of equity if equitable remedies are sought).

7. Representations and Warranties in the Cooperative Agreement. To the District's knowledge, each of the representations and warranties of the District contained or referred to in the Cooperative Agreement are true and correct in all material respects as of the date hereof as if made on and as of the date hereof. Attached hereto as **Exhibit D** is the resolution of the District authorizing the issuance of the Bonds and the execution of the Cooperative Agreement.

8. *No Default.* At the date hereof, no default of the District under the Cooperative Agreement and no event that, with the giving of notice or the lapse of time or both, would become such a default of the District under the Cooperative Agreement has occurred.

9. Non-Litigation. To the District's knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened against the District which would materially adversely affect the existence or powers of the District or title to office of the officials thereof, the transactions contemplated by the Cooperative Agreement or the validity or enforceability in accordance with its terms of the Cooperative Agreement or any agreement or instrument to which the District is a party, used or contemplated for use in the consummation of the transactions contemplated by the Cooperative agreement or the valuation of property or similar issues).

10. No Legal Violation. To the District's knowledge, the issuance, sale and delivery of the Bonds will not violate any provision of federal or Missouri law, or any resolution or ordinance of the District, or any applicable judgment, order, rule or regulation of any court or of any public or governmental agency or authority, and will not conflict with, violate or result in the breach of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the District is a party, or by which it or its properties are bound.

11. Approvals. To the District's knowledge, all approvals, consents, authorizations and orders required to be obtained by the District in connection with the issuance, sale and delivery of the Bonds (except blue sky filings, as to which no certification is made) and the execution and delivery of the Cooperative Agreement and the performance of the terms thereof by the District have been duly obtained.

12. *Outstanding Revenue Obligations*. The District does not have outstanding any bonds, notes or other obligations payable in any way from the CID Sales Tax, other than the Bonds now in the process of issuance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Dated: April  $3^{rol}$ , 2008.

INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

Larry Kantman, Chairman

# <u>Exhibit A</u>

Formation Documents

.

# PETITION TO THE CITY OF INDEPENDENCE, MISSOURI

FOR ESTABLISHMENT OF THE

INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

·; )

# PETITION FOR THE CREATION OF INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

To the City Council of the City of Independence, Jackson County, Missouri (the "City"):

The undersigned, collectively representing:

1

(1) the owners collectively owning more than fifty percent by assessed value of the real property within the boundaries of the hereinafter described community improvement district; and

(2) more than fifty percent per capita of all owners of real property within the boundaries of the hereinafter described community improvement district,

do hereby petition and request that the City Council of the City of Independence (the "City Council") create a community improvement district as described herein under the authority of Sections 67.1401 to 67.1571, inclusive, RSMo (the "CID Act").

A. <u>Proposed District Name</u>. The name for the proposed community improvement district (the "District") is:

#### Independence Events Center Community Improvement District

- **B.** <u>Legal Description and Map</u>. A legal description and map of the District are attached hereto as **Exhibit A**. The proposed district is located entirely within corporate boundaries of the City.
- C. <u>Five Year Plan</u>. A five-year plan stating a description of the purposes of the District, the improvements it will make, the services it will provide, and the estimated costs of these improvements and services is attached hereto as **Exhibit** <u>C</u>.
- **D.** <u>Establishment as Political Subdivision</u>. The District will be established as a political subdivision under the CID Act.
- E. <u>Appointment of Directors</u>. The proposed District will be governed by a Board of Directors, which will consist of five members. The Mayor will appoint the initial Board of Directors with the consent of the City Council. Successor Directors shall be appointed by the Mayor with the consent of the City Council. Two of the initial appointed directors shall serve for a term of four years and three shall serve for a term of two years. Successor directors shall serve for a term of four years.
- F. <u>Total Assessed Value</u>. The total assessed value of all real property in the proposed district, as well as detailed information about the assessed value and ownership of each parcel, is set forth in <u>Exhibit B</u>. The attached <u>Exhibit B</u> was prepared based on data available from the Jackson County, Missouri, Assessor's Office as of the time of execution of this Petition by the Petitioners. Assessed value and parcel number information was not available for certain parcels included in the boundaries of the District. The unavailability of information from the Assessor's Office is outside the control of the Petitioners, and could be based on a number of factors, including, but not limited to, recent transfers of ownership not being updated in the records of the Assessor's

1

Office. The City is authorized by the CID Act to process, consider and approve this Petition based on information supplied by the County.

- **G** <u>No Blighted Area Determination</u>. The undersigned are not currently seeking a determination that any portion of the District is blighted under the CID Act.
- **H.** <u>Term of Existence</u>. The proposed maximum length of time for the existence of the district is thirty five (35) years from the date of the ordinance approving the petition.
- I. <u>Sales Tax</u>. Qualified voters of the CID will be asked to approve a sales tax to be imposed in the maximum amount of one percent (1.0%) ("**District Sales Tax**"), in accordance with the CID Act, to assist in the funding of certain public improvements and services that serve the property within the District. It is the intention that the District Sales Tax will initially be imposed at the rate of one-half percent (0.5%) for a period of twenty (20) years, and thereafter be increased to five-eighths percent (0.625%) for the remaining life of the District. The rate of the District Sales Tax and the duration of each adjusted rate shall be as established in a cooperative agreement between the District and the City, but in no event will the tax exceed one percent (1.0%). Additional details about the District Sales Tax are set forth in the Five Year Plan attached as **Exhibit C**.
- J. <u>Real Estate Tax and Business License Tax</u>. Petitioners will not seek to submit to qualified voters any proposition for approval of a real property tax levy or business license taxes.
- K. <u>Maximum Special Assessment</u>. Petitioners do not propose that special assessments be levied within the District.
- L. <u>No Borrowing Capacity Limitation</u>. Petitioners do not seek limitations on the borrowing capacity of the District.
- M. <u>No Revenue Limitations</u>. Petitioners do not seek limitations on the revenue generation of the District.
- N. <u>No Power Limitation</u>. Petitioners do not seek limitations on the powers of the District.

# O. <u>Petitioner Withdrawal Right Notice</u>. THE SIGNATURES OF THE SIGNERS OF THIS PETITION MAY NOT BE WITHDRAWN FROM THIS PETITION LATER THAN SEVEN (7) DAYS AFTER THE FILING HEREOF WITH THE CITY CLERK.

#### List of Exhibits

- Exhibit A Boundary Description and Map
- Exhibit B Assessed Value Summary
- Exhibit C Five Year Plan

1

#### EXHIBIT A

# BOUNDARY DESCRIPTION AND MAP OF INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

Beginning at the Southeast corner of Tract B, THE TRAILS OF CRACKERNECK PARK, a subdivision in Independence, Jack Beginning at the Southeast corner of Tract B, THE TRAILS OF CRACKERNECK PARK, a subdivision in Independence, Jackson County, Missouri, said point also being located on the West right-of-way line of Selsa Road (formerly U.S. Highway No. 71 By-Pass), and also being on the southerly City of Independence, Missouri, city-limits line; thence westerly along the southerly city-limits line to a point on the West right-of-way line of Interstate Route 470; thence North along the West rightof-way line of Interstate Route 470 and the West right-of-way line of M-291 Highway to its intersection with the South right-of-way line of Interstate 70; thence West along the South right-of-way line of Interstate 70 to a point on the West line of the Southwest guarter of Section 20, Township 49 North, Range 31 West; thence North along said West line to the Southeast corner of Tract 3, as shown on the Certificate of Survey, filed for record January 20, 1987 as Document No. I-745396 in book T-2 at Page 73; thence West along the South line of said Tract 3 to the Southwest corner; thence North to the Northwest corner of Tract 3; said point being on the South right-of-way line of 39th Street; thence West along said South right-of-way line to the Northeast corner of Tract 2 on the said Certificate of Survey; thence South to the Southeast corner of Tract 2; thence West to the Southwest corner of said Tract 2, also being the Northeast corner of Lot 2, COVENTRY PARK TOWNHOMES AND RETAIL, LOTS 1 AND 2; a subdivision in Independence, Jackson County, Missouri; thence West along the North line of said Lot 2 to the East right-of-way line of Crackerneck Road; thence North along the East right-of-way line of Crackerneck Road to its intersection with the North right-of-way line of 39<sup>th</sup> Street; thence West along the North right-of-way line of 39th Street to the Southeast corner of Lot 3, GREEN MEADOW FARM, a subdivision in Independence, Jackson County, Missouri; thence North along the East line of Lot 3 to the Northeast corner of Lot 3; thence West along the North line of said Lot 3 to the Northwest corner of Lot 3, said point also being the Southwest corner of Lot 1, GREEN MEADOW FARM; thence North along the West line of Lot 1 to the Northwest corner of said Lot 1; thence Northeast to the Northeast corner of Lot 1, said point also being on the West right-of-way line of Crackerneck Road; thence North along the West right-of-way line of Crackerneck Road to its intersection with the South right-of-way line of Bolger Road; thence East along the South right-of-way line of Bolger Road and its prolongation to the West line of the Northwest quarter of Section 20, Township 49, Range 31; thence South along said West line to the Northwest corner of Tract 3 on Certificate of Survey, filed for record October 8, 1991 as Document No. 199111067356 in Book T5 at Page 29; thence East along the North line of said Tract 3 to the West rightof-way line of Whitney Avenue; thence South along said West right-of-way line to its intersection with the North right-of-way line of 39th Street; thence East along said North right-of-way line to its intersection with the West right-of-way line of M-291 Highway; thence Northeast, leaving said right-of-way line, to the Southwest corner of Lot 9, SOUTHERN HILL, a subdivision in Independence, Jackson County, Missouri; thence North along the West line of said Lot 9 to the South right-of-way line of 37<sup>th</sup> Terrace; thence West along the South right-of-way line of 37th Terrace to its intersection with the West right-ofway line of Ponca Drive; thence North and Northeast along the west right-of-way line of Ponca Drive to its intersection with the Northeast right-of-way line of Arrowhead Avenue; thence Southeast along the Northeast right-of-way line of Arrowhead Avenue to the North right-of-way line of 37th Terrace; thence East along the North right-of-way line of 37th Terrace to its intersection with the West right-of-way line of Jackson Drive; thence Southeast, leaving said right-of-way line to the Northwest corner of Lot 1, CENTERPOINT MEDICAL CENTER OF INDEPENDENCE, a subdivision in Independence, Jackson County, Missouri; thence East along the North line of said plat to the Northeast corner of Tract A, CENTERPOINT MEDICAL CENTER OF INDEPENDENCE; thence Southeast to the West right-ofway line of the Little Blue Parkway; thence Southeast along the West right-of-way line of Little Blue Parkway to its intersection with the North line of the Southeast guarter of the Southwest guarter of Section 21, Township 49 North, Range 31 West; thence East along the North line of said quarter quarter to the centerline of said Section 21; thence continuing East along the North line of the Southwest quarter of the Southeast quarter of Section 21, Township 49 North, Range 31 West to the West right-of-way line of the Kansas City Southern Railroad; thence Southeasterly along the West right-of-way line of the Kansas City Southern Railroad to a point approximately 339 feet North along the said West railroad rightof-way from its intersection with the North right of way line of Valley View Road, said point also being located on the former channel of the East Fork of the Little Blue River; thence leaving said railroad rightof-way and following said former channel Southwesterly 52 feet; thence Northwesterly following said channel, a distance of 100 feet, more or less, to a point that is 150 feet West of the East line of Section 28, Township 49 North, Range 31 West; thence leaving the former creek channel, South along a line that is parallel to the said East line, a distance of 170 feet, more or less, to a point that is 400 feet North of the South line of the Northeast Quarter of Section 28; thence West along a line that is 400 feet North of and parallel to said South line, to a point in the approximate center of a large creek; thence South in the center of said creek to its intersection with the North right-of-way line of Valley View Road; thence West along the North right-of-way line of Valley View Road to its intersection with the South line of the Northwest Quarter of Section 28, Township 49 North, Range 31 West; thence West along the South line of said quarter section to the East right-of-way line of Little Blue Parkway (formerly Selsa Road); thence Southwest along said right-of-way line to the West line of the Southwest guarter of Section 28, Township 49 North, Range 31 West; thence South along said West line to the North right-of-way line of Westbound Highway No. 40; thence due South to the South right-of-way line of Westbound Highway No. 40; thence East along the said South right-of-way line to the Northeast corner of Lot 1; RAM TECH ADDITION; thence South along the East line of Lot 1 and its prolongation to the North right-of-way line of Eastbound Highway No. 40; thence due South to the South right-of-way line of Eastbound Highway No. 40; thence West along the said South right-of-way line to the Northeast corner of Tract 2A on Certificate Survey filed for record September 3, 1986 as Document No. 1986I0715577 in Book T2 at page 56; thence South along the West right-of-way line of Fairview Road to the Southeast corner of said Tract 2A; thence Southwest along the South line of said Tract 2A to the East right-of-way line of Selsa Road (formerly U.S. Highway 71 By-Pass); thence due West to the West right-of-way line of Selsa Road (formerly U.S. Highway 71 By-Pass); thence South along the said West right-of-way line to the Point of Beginning, except the following described tracts;

Tax ID Nos. 34-600-02-15-02-0-00-000 (112) 34-600-02-15-01-4-00-000 (113) 34-600-02-15-01-5-00-000 (145)

: 1

All that part of the South Half of the Northwest Quarter of Section 28, Township 49 North, Range 31 West in Independence, Jackson County, Missouri, described as follows: Beginning at the Southeast corner of Tract "B" of REPLAT OF LOT 9, EASTLAND CENTER-2<sup>ND</sup> PLAT-AREA IV, LOTS 9-A, 9-B, 9-C, TRACT "B" AND TRACT "C", a subdivision in Independence, Jackson County, Missouri; thence S 87°59'33"E a distance of 13.04 feet; thence S 36°18'33"E a distance of 647.99 feet, more or less, to the West right-of-way line of Little Blue Parkway (formerly Selsa Road); thence Southwest along said right-of-way line to its intersection with the South line of the Northwest Quarter of said section; thence West along the South line of said quarter to the Southwest corner of the Northwest Quarter of Section 28; thence North along the West line of said section 270 feet; thence northeasterly to a point that is 780 feet North and 460 feet East of the Southwest corner of the Northwest Quarter; thence

Northeasterly 350 feet to a point that is 655 feet East and 290 feet South of the Northwest corner of the South Half of the Northwest Quarter; thence due North to the North line of the said South half; thence East along said South line to the Point of Beginning.

#### Tax ID# 34-510-03-08-00-0-000 (214)

ļ

Ì

All of Lot 14, EASTLAND CENTER-7<sup>TH</sup> PLAT-AREA V, a subdivision in Independence, Jackson County, Missouri.

#### Tax ID# 34-510-03-04-00-0-000 (217)

All of Lot 10, EASTLAND CENTER-3<sup>RD</sup> PLAT-AREA V, a subdivision in Independence, Jackson County, Missouri.

## Tax ID# 34-510-03-05-00-0-000 (218)

A tract of land in Section 29, Township 49, Range 31 West, in Independence, Jackson County Missouri being more particularly described as follows: All that part of the Northeast Quarter of the Southeast Quarter in said Section 29, lying East of Lot 5A, REPLAT OF PART OF OUTLOTS 4 & 5, EASTLAND CENTER-1<sup>ST</sup> PLAT, a subdivision in Independence, Jackson County, Missouri, lying South Eastland Center Court and South of Lot 10, EASTLAND CENTER-3<sup>RD</sup> PLAT-AREA V, a subdivision in Independence, Jackson County, Missouri, and lying North and West of Northerly and Westerly property line of the Little Blue Valley Trace.

#### Tax ID# 34-200-04-18-00-0-000 (247)

All of Lot 1-A, INDEPENDENCE CENTER, REPLAT A, a subdivision in Independence, Jackson County, Missouri.

#### Tax ID# 34-200-04-13-02-0-00-000 (248)

All that part of LOT 11A, REPLAT OF LOT 11, INDEPENDENCE CENTER, a subdivision of land in Independence, Jackson County, Missouri, according to the recorded plat thereof, more particularly described as follows:

Commencing at the Northeast corner of Lot 11A of said REPLAT of LOT 11, INDEPENENCE CENTER, said point being on the West right of way line of Jackson Drive as now established; thence South 2°07'04" West, along said West right of way line, a distance of 228.55 feet, to a point of curvature; thence Southwesterly, Southerly and Southeasterly along said West right of way line and along a curve to the left, having a radius of 595.00 feet, an arc distance of 232.89 feet; thence South 2°07'04" West, a distance of 387.17 feet; thence South 32°39'04" West, a distance of 369.88 feet, to the POINT OF BEGINNING; thence South 68°27'36" East, a distance of 901.15 feet; thence South 2°10'04" West, a distance of 382.50 feet; thence South 37°10'04" West, a distance of 100.00 feet; thence South 79°10'04" West, a distance of 140.00 feet; thence North 57°49'56" West , a distance of 328.77 feet; thence South 77°10'04" West, a distance of 210.22 feet; thence North 57°55'59" East, a distance of 96.50 feet; thence North 17°06'33" East, a distance of 312.70 feet, to the POINT OF BEGINNING, containing 13.1786 acres, more or less.

Tax ID# 34-200-04-16-00-00-000 (249) All of Lot 1, JACKSON CREEK VENTURE, a subdivision in Independence, Jackson County, Missouri.

#### Tax ID# 34-200-04-12-00-0-000 (250)

All of Lot 11-B, REPLAT OF LOT 11, INDEPENDENCE CENTER, a subdivision in Independence, Jackson County, Missouri, according to the plat thereof, recorded January 16, 2002 in Plat Book 70, at Page 66.

### Tax ID# 34-200-04-17-00-0-00-000 (266)

All of Lot 2, JACKSON CREEK VENTURE, a subdivision in Independence, Jackson County, Missouri.

### Tax ID# 34-100-03-18-00-0-000 (167)

A tract of land located in Section 21, Township 49, Range 31, in Independence, Jackson County, Missouri, being more particularly described as follows: Beginning at a point 350 feet East and 50 feet South of the Northwest Corner of the Northwest Quarter of Southwest Quarter of said Section 21; thence East 425 feet; thence South 305 feet; thence West 425 feet; thence North 305 feet to the Point of Beginning, said tract containing approximately 2.977 acres on County, Missouri, said point also being located on the West right-of-way line of Selsa Road (formerly U.S. Highway No. 71 By-Pass), and also being on the southerly City of Independence, Missouri, city-limits line; thence westerly along the southerly city-limits line to a point on the West right-of-way line of Interstate Route 470; thence North along the West right-of-way line of Interstate Route 470 and the West right-of-way line of M-291 Highway to its intersection with the South right-of-way line of Interstate 70; thence West along the South right-of-way line of Interstate 70 to a point on the West line of the Southwest quarter of Section 20, Township 49 North, Range 31 West; thence North along said West line to the Southeast corner of Tract 3, as shown on the Certificate of Survey, filed for record January 20, 1987 as Document No. I-745396 in book T-2 at Page 73; thence West along the South line of said Tract 3 to the Southwest corner; thence North to the Northwest corner of Tract 3; said point being on the South right-of-way line of 39<sup>th</sup> Street: thence West along said South right-of-way line to the Northeast corner of Tract 2 on the said Certificate of Survey; thence South to the Southeast corner of Tract 2; thence West to the Southwest corner of said Tract 2, also being the Northeast corner of Lot 2, COVENTRY PARK TOWNHOMES AND RETAIL, LOTS 1 AND 2; a subdivision in Independence, Jackson County, Missouri; thence West along the North line of said Lot 2 to the East right-of-way line of Crackerneck Road; thence North along the East right-ofway line of Crackerneck Road to its intersection with the North right-of-way line of 39th Street; thence West along the North right-of-way line of 39<sup>th</sup> Street to the Southeast corner of Lot 3, GREEN MEADOW FARM, a subdivision in Independence, Jackson County, Missouri; thence North along the East line of Lot 3 to the Northeast corner of Lot 3; thence West along the North line of said Lot 3 to the Northwest corner of Lot 3, said point also being the Southwest corner of Lot 1, GREEN MEADOW FARM; thence North along the West line of Lot 1 to the Northwest corner of said Lot 1; thence Northeast to the Northeast corner of Lot 1, said point also being on the West right-of-way line of Crackerneck Road; thence North along the West right-of-way line of Crackerneck Road to its intersection with the South right-of-way line of Bolger Road; thence East along the South right-of-way line of Bolger Road and its prolongation to the West line of the Northwest quarter of Section 20, Township 49, Range 31; thence South along said West line to the Northwest corner of Tract 3 on Certificate of Survey, filed for record October 8, 1991 as Document No. 199111067356 in Book T5 at Page 29; thence East along the North line of said Tract 3 to the West right-of-way line of Whitney Avenue; thence South along said West right-ofway line to its intersection with the North right-of-way line of 39th Street; thence East along said North right-of-way line to its intersection with the West right-of-way line of M-291 Highway; thence Northeast, leaving said right-of-way line, to the Southwest corner of Lot 9, SOUTHERN HILL, a subdivision in Independence, Jackson County, Missouri; thence North along the West line of said Lot 9 to the South right-of-way line of 37<sup>th</sup> Terrace; thence West along the South right-of-way line of 37<sup>th</sup> Terrace to its intersection with the West right-of-way line of Ponca Drive; thence North and Northeast along the west right-of-way line of Ponca Drive to its intersection with the Northeast right-of-way line of Arrowhead Avenue; thence Southeast along the Northeast right-of-way line of Arrowhead Avenue to the North rightof-way line of 37th Terrace; thence East along the North right-of-way line of 37th Terrace to its intersection with the West right-of-way line of Jackson Drive; thence Southeast, leaving said right-of-way line to the Northwest corner of Lot 1, CENTERPOINT MEDICAL CENTER OF INDEPENDENCE, a subdivision in Independence, Jackson County, Missouri; thence East along the North line of said plat to the Northeast corner of Tract A, CENTERPOINT MEDICAL CENTER OF INDEPENDENCE; thence

Southeast to the West right-of-way line of the Little Blue Parkway; thence Southeast along the West right-of-way line of Little Blue Parkway to its intersection with the North line of the Southeast quarter of the Southwest quarter of Section 21, Township 49 North, Range 31 West; thence East along the North line of said quarter to the centerline of said Section 21; thence continuing East along the North line of the Southwest guarter of the Southeast guarter of Section 21, Township 49 North, Range 31 West to the West right-of-way line of the Kansas City Southern Railroad; thence Southeasterly along the West right-of-way line of the Kansas City Southern Railroad to a point approximately 339 feet North along the said West railroad right-of-way from its intersection with the North right of way line of Valley View Road, said point also being located on the former channel of the East Fork of the Little Blue River; thence leaving said railroad right-of-way and following said former channel Southwesterly 52 feet; thence Northwesterly following said channel, a distance of 100 feet, more or less, to a point that is 150 feet West of the East line of Section 28, Township 49 North, Range 31 West; thence leaving the former creek channel, South along a line that is parallel to the said East line, a distance of 170 feet, more or less, to a point that is 400 feet North of the South line of the Northeast Quarter of Section 28; thence West along a line that is 400 feet North of and parallel to said South line, to a point in the approximate center of a large creek; thence South in the center of said creek to its intersection with the North right-of-way line of Valley View Road; thence West along the North right-of-way line of Valley View Road to its intersection with the South line of the Northwest Quarter of Section 28, Township 49 North, Range 31 West; thence West along the South line of said quarter section to the East right-of-way line of Little Blue Parkway (formerly Selsa Road); thence Southwest along said right-of-way line to the West line of the Southwest quarter of Section 28, Township 49 North, Range 31 West; thence South along said West line to the North right-of-way line of Westbound Highway No. 40: thence due South to the South right-of-way line of Westbound Highway No. 40; thence East along the said South right-of-way line to the Northeast corner of Lot 1; RAM TECH ADDITION; thence South along the East line of Lot 1 and its prolongation to the North right-of-way line of Eastbound Highway No. 40; thence due South to the South right-of-way line of Eastbound Highway No. 40; thence West along the said South right-of-way line to the Northeast corner of Tract 2A on Certificate Survey filed for record September 3, 1986 as Document No. 1986I0715577 in Book T2 at page 56; thence South along the West right-of-way line of Fairview Road to the Southeast corner of said Tract 2A; thence Southwest along the South line of said Tract 2A to the East right-of-way line of Selsa Road (formerly U.S. Highway 71 By-Pass); thence due West to the West right-of-way line of Selsa Road (formerly U.S. Highway 71 By-Pass); thence South along the said West right-of-way line to the Point of Beginning, except the following described tracts;

Tax ID Nos. 34-600-02-15-02-0-00-000 (112) 34-600-02-15-01-4-00-000 (113) 34-600-02-15-01-5-00-000 (145)

)

All that part of the South Half of the Northwest Quarter of Section 28, Township 49 North, Range 31 West in Independence, Jackson County, Missouri, described as follows: Beginning at the Southeast corner of Tract "B" of REPLAT OF LOT 9, EASTLAND CENTER-2<sup>ND</sup> PLAT-AREA IV, LOTS 9-A, 9-B, 9-C, TRACT "B" AND TRACT "C", a subdivision in Independence, Jackson County, Missouri; thence S 87°59'33"E a distance of 13.04 feet; thence S 36°18'33"E a distance of 647.99 feet, more or less, to the West right-of-way line of Little Blue Parkway (formerly Selsa Road); thence Southwest along said right-of-way line to its intersection with the South line of the Northwest Quarter of said section; thence West along the South line of said quarter to the Southwest corner of the Northwest Quarter of Section 28; thence North along the West line of said section 270 feet; thence northeasterly to a point that is 780 feet North and 460 feet East of the Southwest corner of the Northwest Quarter; thence

Northeasterly 350 feet to a point that is 655 feet East and 290 feet South of the Northwest corner of the South Half of the Northwest Quarter; thence due North to the North line of the said South half; thence East along said South line to the Point of Beginning.

### Tax ID# 34-510-03-08-00-0-000 (214)

All of Lot 14, EASTLAND CENTER-7<sup>TH</sup> PLAT-AREA V, a subdivision in Independence, Jackson County, Missouri.

Tax ID# 34-510-03-04-00-0-000 (217)

All of Lot 10, EASTLAND CENTER-3<sup>RD</sup> PLAT-AREA V, a subdivision in Independence, Jackson County, Missouri.

### Tax ID# 34-510-03-05-00-0-000 (218)

A tract of land in Section 29, Township 49, Range 31 West, in Independence, Jackson County Missouri being more particularly described as follows: All that part of the Northeast Quarter of the Southeast Quarter in said Section 29, lying East of Lot 5A, REPLAT OF PART OF OUTLOTS 4 & 5, EASTLAND CENTER-1<sup>ST</sup> PLAT, a subdivision in Independence, Jackson County, Missouri, lying South Eastland Center Court and South of Lot 10, EASTLAND CENTER-3<sup>RD</sup> PLAT-AREA V, a subdivision in Independence, Jackson County, Missouri, and lying North and West of Northerly and Westerly property line of the Little Blue Valley Trace.

Tax ID# 34-200-04-18-00-0-000 (247)

All of Lot 1-A, INDEPENDENCE CENTER, REPLAT A, a subdivision in Independence, Jackson County, Missouri.

Tax ID# 34-200-04-13-02-0-000 (248)

All that part of LOT 11A, REPLAT OF LOT 11, INDEPENDENCE CENTER, a subdivision of land in Independence, Jackson County, Missouri, according to the recorded plat thereof, more particularly described as follows:

Commencing at the Northeast corner of Lot 11A of said REPLAT of LOT 11, INDEPENENCE CENTER, said point being on the West right of way line of Jackson Drive as now established; thence South 2°07'04" West, along said West right of way line, a distance of 228.55 feet, to a point of curvature; thence Southwesterly, Southerly and Southeasterly along said West right of way line and along a curve to the left, having a radius of 595.00 feet, an arc distance of 232.89 feet; thence South 2°07'04" West, a distance of 387.17 feet; thence South 32°39'04" West, a distance of 369.88 feet, to the POINT OF BEGINNING; thence South 68°27'36" East, a distance of 901.15 feet; thence South 2°10'04" West, a distance of 382.50 feet; thence South 37°10'04" West, a distance of 100.00 feet; thence South 79°10'04" West, a distance of 140.00 feet; thence North 57°49'56" West , a distance of 328.77 feet; thence South 77°10'04" West, a distance of 210.22 feet; thence North 57°55'59" East, a distance of 96.50 feet; thence North 17°06'33" East, a distance of 312.70 feet, to the POINT OF BEGINNING, containing 13.1786 acres, more or less.

Tax ID# 34-200-04-16-00-0-000 (249) All of Lot 1, JACKSON CREEK VENTURE, a subdivision in Independence, Jackson County, Missouri.

#### Tax ID# 34-200-04-12-00-0-000 (250)

All of Lot 11-B, REPLAT OF LOT 11, INDEPENDENCE CENTER, a subdivision in Independence, Jackson County, Missouri, according to the plat thereof, recorded January 16, 2002 in Plat Book 70, at Page 66.

### Tax ID# 34-200-04-17-00-0-000 (266)

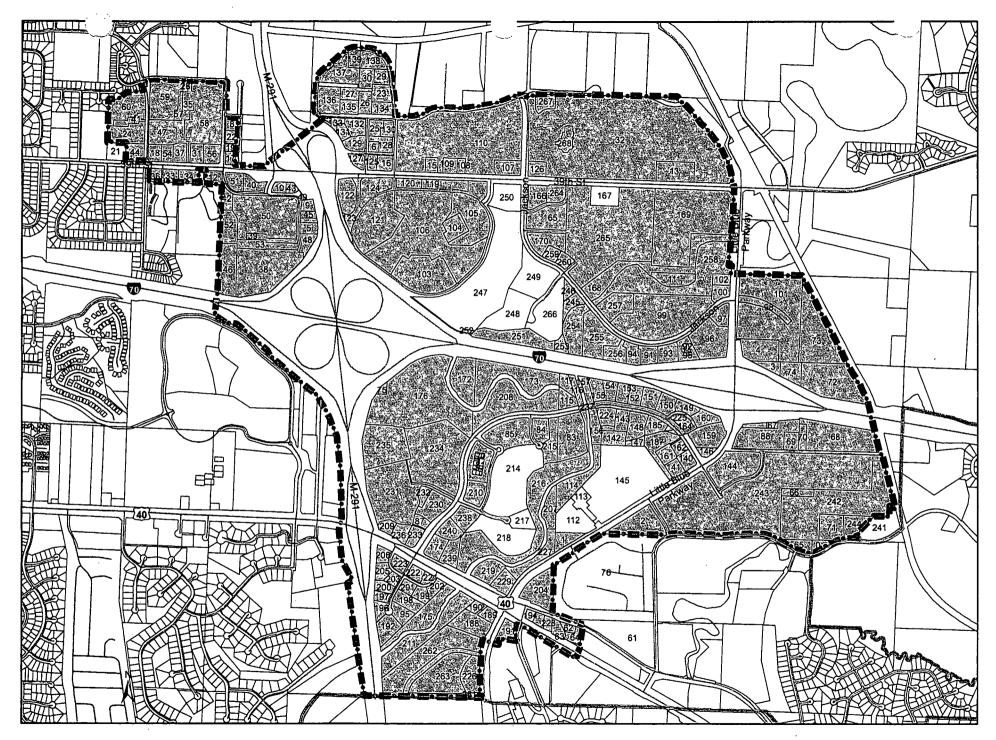
:, `` }

į

All of Lot 2, JACKSON CREEK VENTURE, a subdivision in Independence, Jackson County, Missouri.

### Tax ID# 34-100-03-18-00-0-000 (167)

A tract of land located in Section 21, Township 49, Range 31, in Independence, Jackson County, Missouri, being more particularly described as follows: Beginning at a point 350 feet East and 50 feet South of the Northwest Corner of the Northwest Quarter of Southwest Quarter of said Section 21; thence East 425 feet; thence South 305 feet; thence West 425 feet; thence North 305 feet to the Point of Beginning, said tract containing approximately 2.977 acres.



# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner  | Assessed<br>Value |
|----------------------|-------------------------------------|--|-------------------|
| 0                    | 34-600-04-02-00-0-00-000            | City of Blue Springs                             | 71                |
| 1                    | 34-600-03-15-00-0-00-000            | Jones Communications of Missouri, Inc.           | 353,032           |
| 2                    | 34-600-02-11-02-0-00-000            | Trinity Real Estate Development Inc.             | 117               |
| 3                    | 34-600-01-04-01-0-00-000            | Selsa Road Inc.                                  | 51                |
| 4                    | 34-100-04-09-00-0-00-000            | Selsa Road Inc.                                  | 389               |
| 5                    | 34-200-03-31-00-0-00-000            | 291-39 Restaurant Investors LLC                  | 356,096           |
| 6                    | 34-200-02-47-00-0-00-000            | Medical Diagnostic Center                        | 114,048           |
| 7                    | 34-200-02-29-02-0-00-000            | Truster Burt J & Sharon D                        | 6,297             |
| 8                    | 34-200-02-38-00-0-00-000            | Johnson Wayne L Trustee & Ditty Andrea D Trustee | 489,971           |
| 9                    | 34-200-03-29-00-0-00-000            | Lone Star Steakhouse & Saloon                    | 305,285           |
| 10                   | 34-200-03-26-00-0-00-000            | Golden Arch Limited PTP                          | 225,767           |
| 11                   | 34-200-04-06-00-0-00-000            | Disantillo Jeanne M                              | 27,399            |
| 12                   | 34-340-01-06-01-0-00-000            | ES Investors LLC                                 | 217,039           |

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                                   | Assessed<br>Value |
|----------------------|-------------------------------------|---|-------------------|
| 13                   | 34-100-02-04-00-0-00-000            | Centerpoint Medical Center of Indep LLC | 10,608,000        |
| 14                   |                                     | Centerpoint Medical Center of Indep LLC |                   |
| 15                   | 34-200-01-26-00-0-00-000            | Smith Donald E-TR                       | 397,736           |
| 16                   | 34-200-02-14-00-0-00-000            | Commerce Bank of KC •                   | 77,760            |
| 17                   | 34-200-02-17-00-0-00-000            | Gosnell William H & Wanda L-TR          | 134,496           |
| 18                   | 34-310-04-08-00-0-00-000            | Gas-Mart USA Inc.                       | 276,838           |
| 19                   | 34-200-02-36-01-0-00-000            | Hite Done Stanley                       | 146,101           |
| 20                   | 34-200-02-36-02-0-00-000            | Hite Sydney-Trustee                     | 921               |
| 21                   |                                     | Excluded from District                  |                   |
| 22                   | 34-200-02-37-00-0-00-000            | CIG Partners LLC                        | 482,415           |
| 23                   | 34-200-02-45-00-0-00-000            | Fargo Hotels Realty LP                  | 988,980           |
| 24                   | 34-310-03-35-00-0-00-000            | AVG Partners I LLC                      | 1,498,821         |
| 25                   | 34-200-02-07-04-3-00-000            | D & K Real Estate & Investments LLC     | 321,298           |
| 26                   | 34-200-02-27-02-2-00-000            | D & K Real Estate & Investments LLC     | 111,486           |

)

# Assessed Value Summary

j,

. j

<u>,</u> . )

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner   | Assessed<br>Value |
|----------------------|-------------------------------------|---|-------------------|
| 27                   | 34-200-02-27-02-1-00-000            | Truster Burt J & Sharon D                       | 59,856            |
| 28                   | 34-310-04-17-00-0-00-000            | Cole JC Independence MO DST                     | 31,682            |
| 29                   | 34-200-02-39-00-0-00-000            | Fluid Building Associates LLC                   | 191,799           |
| 30                   | 34-200-02-40-01-0-00-000            | Truster Burt J & Sharon D                       | 41,764            |
| 31                   | 34-310-04-11-00-0-00-000            | Ehrhart Independence LLC                        | 277,135           |
| 32                   |                                     | Centerpoint Medical Center of Indep LLC         |                   |
| 33                   | 34-340-01-27-00-0-00-000            | Coventry Park I LLC                             | 73,807            |
| 34                   | 34-340-01-06-03-0-00-000            | Arts Billard Supply                             | 294,726           |
| 35                   | 34-310-04-16-00-0-00-000            | Main Bolger LLC & Bolger 39 Assoc LLC & Glo-Rae | 1,301,690         |
| 36                   | 34-340-01-03-00-0-00-000            | 39 East Dental Bldg Assoc                       | 181,479           |
| 37                   | 34-310-04-10-00-0-00-000            | CNL Net Lease Funding 2001 LP                   | 406,603           |
| 38                   | 34-200-03-18-00-0-00-000            | Wade William J-Trustee                          | 2,830,446         |
| 39                   | 34-200-03-33-00-0-00-000            | IER Realty Corp & E Balas LLC & J Balas         | 184,222           |

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner  | Assessed<br>Value |
|----------------------|-------------------------------------|--|-------------------|
| 40                   | 34-200-03-10-00-0-00-000            | Bolger Feet LLC, Belleview Assoc LLC               | 589,313           |
| 41                   | 34-310-03-36-00-0-00-000            | Goldberg Stanley L-TR & Bank of America, N.ATR     | 473,849           |
| 42                   | 34-200-03-25-00-0-00-000            | I-470 Development Co                               | 57,197            |
| 43                   | 34-200-03-27-00-0-00-000            | Kelly Sandra S & Daniel J Jr-Trustees              | 49,920            |
| 44                   | 34-310-03-33-00-0-00-000            | Hawthom Bank                                       | 312,251           |
| 45                   | 34-200-03-30-01-0-00-000            | Lone Star Steakhouse & Saloon                      | 62,054            |
| 46                   | 34-200-03-24-02-0-00-000            | I-470 Development Co                               | 2,516             |
| 47                   | 34-310-04-20-00-0-00-000            | Cole JC Independence MO DST                        | 162,662           |
| 48                   | 34-200-03-32-00-0-00-000            | Realty Income Corporation                          | 295,657           |
| 49                   | 34-200-03-28-00-0-00-000            | Kelly Sandra S & Daniel J Jr-Trustees              | 354               |
| 50                   | 34-200-03-23-00-0-00-000            | Wal Mart Stores Inc                                | 3,240,916         |
| 51                   | 34-200-03-09-00-0-00-000            | Zeligson Daniel H-Trustee & Zeligson Karen P-Trust | 469,558           |
| 52                   | 34-200-03-24-01-0-00-000            | Crossroads Owners Assoc                            | 4,430             |
| 53                   | 34-200-03-34-00-0-00-000            | I-Four Seventy Development Inc.                    | 596,085           |

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner   | Assessed<br>Value |
|----------------------|-------------------------------------|---|-------------------|
| 54                   | 34-310-04-09-00-0-00-000            | BEF REIT Inc                                    | 282,056           |
| 55                   | 34-200-03-30-02-0-00-000            | 291-39 Restaurant Investors LLC                 | 37,423            |
| 56                   | 34-310-04-12-00-0-00-000            | I-70 Restaurant Investors LLC                   | 352,158           |
| 57                   | 34-310-04-19-00-0-00-000            | Bolger 39 Associates LLC & Glo-Rae Bolger LLC & | 155,189           |
| 58                   | 34-310-04-05-00-0-00-000            | Dayton Hudson Corp                              | 3,196,206         |
| 59                   | 34-310-04-18-00-0-00-000            | Cole JC Independence MO DST                     | 1,699,507         |
| 60                   | 34-310-03-37-00-0-00-000            | Lloyd James J & Clausen Robert I-TRS            | 1,481,127         |
| 61                   |                                     | Excluded from District                          |                   |
| 62                   | 34-600-03-21-00-0-00-000            | Snyder Robert A                                 | 33,832            |
| 63                   | 34-600-03-03-00-0-00-000            | Christian Brothers Independence LP              | 47,842            |
| 64                   | 34-600-03-20-00-0-00-000            | · Kimak John W & Nancy C                        | 170,012           |
| 65                   | 34-600-04-03-00-0-00-000            | Jackson County Missouri                         | 921               |
| 66                   | 34-600-01-20-02-0-00-000            | Jackson County Missouri                         | 688               |

)

# Assessed Value Summary

ł

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                                | Assessed<br>Value |
|----------------------|-------------------------------------|--------------------------------------|-------------------|
| 67                   | 34-600-01-15-01-0-00-000            | Trinity Real Estate Development Inc. | 196               |
| 68                   | 34-600-01-07-00-0-00-000            | Bell Development Inc                 | 9,429             |
| 69                   | 34-600-01-14-00-0-00-000            | Trinity Real Estate Development Inc. | 48,597            |
| 70                   | 34-600-01-17-00-0-00-000            | Trinity Real Estate Development Inc. | 20                |
| 71                   | 34-600-01-18-03-0-00-000            | Miller Terry A & Linda F             | 337               |
| 72                   | 34-600-01-02-00-0-00-000            | Stevinson Auto & Electrical          | 5,761             |
| 73                   | 34-100-04-08-00-0-00-000            | Stevinson Auto & Electrical          | 1,030             |
| 74                   | 34-600-01-03-00-0-00-000            | Stevinson Auto & Electrical          | 36                |
| 75                   | 34-520-08-01-00-0-00-000            | Herman Eugene M & Joyce Charlene     | 273               |
| 76                   |                                     | Excluded from District               |                   |
| 77                   | 34-510-02-01-00-0-00-000            | Eastland Parkway Business Center LLC | 32                |
| 78                   | 34-510-02-10-00-0-00-000            | Eastland Parkway Business Center LLC | 139,456           |
| 79                   | 34-510-02-12-00-0-00-000            | Eastland Parkway Business Center LLC | 70,368            |
| 80                   | 34-510-02-03-00-0-00-000            | WAGB Properties LLC                  | 202,240           |

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner   | Assessed<br>Value |
|----------------------|-------------------------------------|---|-------------------|
| 81                   | 34-510-02-14-01-0-00-000            | Eastland Parkway Business Center LLC              | 232,384           |
| 82                   | 34-510-05-01-00-0-00-000            | Crackerneck Country Club Inc.                     | 3                 |
| 83                   | 34-600-02-09-02-0-00-000            | Eastland Center Associates LLC                    | 57,588            |
| 84                   | 34-510-03-10-00-0-00-000            | Olin Community Credit Union                       | 136,768           |
| 85                   | 34-510-03-09-00-0-00-000            | Eastland Business Center North LLC, S&J Capital L | 601,440           |
| 86                   | 34-510-02-14-02-0-00-000            | CFRM Enterprises LLC                              | 85,120            |
| 87                   | 34-510-01-06-00-0-00-000            | I-70 Restaurant Investors LLC                     | 185,041           |
| 88                   | 34-600-01-13-00-0-00-000            | Trinity Real Estate Development Inc.              | 8,182             |
| <i>89</i>            | 34-600-01-16-01-0-00-000            | Drury Development Corp                            | 273               |
| 90                   | 34-100-03-33-00-0-00-000            | Morris Douglas W & Brenda S                       | 254,814           |
| 91                   | 34-100-03-23-00-0-00-000            | Bank of America, N.A. TR Lucille Stauffaher       | 380,924           |
| 92                   | 34-100-03-32-00-0-00-000            | Morris Douglas W & Brenda S                       | 353,735           |
| 93                   | 34-100-03-22-00-0-00-000            | Spirit Master Funding LLC                         | 382,187           |

)

}

 $\hat{}$ 

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner  | Assessed<br>Value |
|----------------------|-------------------------------------|--|-------------------|
| 94                   | 34-100-03-24-00-0-00-000            | Lot 4A Hartman LLC                             | 490,195           |
| 95                   | 34-100-03-31-00-0-00-000            | Hartman Heritage Owners Association Inc.       | 12,122            |
| 96                   | 34-100-03-20-00-0-00-000            | Landmark EH LLC & Landmark Investors 1-13 & 15 | 3,206,154         |
| 97                   | 34-100-03-19-00-0-00-000            | Selsa Road Inc.                                | 230,137           |
| <b>98</b>            | 34-100-04-06-02-0-00-000            | City of Independence                           | 194               |
| 99                   | 34-100-03-28-00-0-00-000            | Inland American Independence Hartman LLC       | 5,599,095         |
| 100                  | 34-100-03-29-00-0-00-000            | O Charleys Inc                                 | 454,019           |
| 101                  | 34-100-04-06-01-0-00-000            | Stevinson Auto & Electrical School Co          | 2,183             |
| 102                  | 34-100-03-30-00-0-00-000            | Inland American Independence Hartman LLC       | 294,277           |
| 103                  | 34-200-04-08-00-0-00-000            | SPG Independence Center LLC                    | 2,258,883         |
| 104                  | 34-200-04-03-02-0-00-000            | The May Dept Stores Co                         | 1,871,700         |
| 105                  | 34-200-04-03-01-0-00-000            | SPG Independence Center LLC                    | 310,263           |
| 106                  | 34-200-04-04-00-0-00-000            | SPG Independence Center LLC                    | 21,065,845        |
| 107                  | 34-200-01-30-00-0-00-000            | DDR MDT Independence Commons LLC               | 511,300           |

1

ŀ

## Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                            | Assessed<br>Value |
|----------------------|-------------------------------------|----------------------------------|-------------------|
| 108                  | 34-200-01-29-00-0-00-000            | Independence FAZ LLC             | 225,580           |
| 109                  | 34-200-01-28-00-0-00-000            | Smokehouse BBQ Inc.              | 382,164           |
| 110                  | 34-200-01-27-00-0-00-000            | DDR MDT Independence Commons LLC | 10,243,821        |
| 111                  | 34-100-03-04-00-0-00-000            | Selsa Road Inc.                  | 546               |
| 112                  |                                     | Excluded from District           |                   |
| 113                  |                                     | Excluded from District           |                   |
| 114                  | 34-600-02-14-00-0-00-000            | Jackson County Missouri          | 2,410             |
| 115                  | 34-600-02-09-01-0-00-000            | Crackerneck Country Club Inc.    | 115,777           |
| 116                  | 34-600-02-18-01-0-00-000            | Jackson County Missouri          | 390               |
| 117                  | 34-600-02-03-00-0-00-000            | Crackemeck Country Club Inc.     | 87                |
| 118                  | 34-600-02-46-00-0-00-000            | Eastland Center Associates LLC   | 18,764            |
| 119                  | 34-200-04-05-00-0-00-000            | Disantillo Jeanne M              | 247,343           |
| 120                  | 34-200-04-07-00-0-00-000            | SPG Independence Center LLC      | 250,269           |

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                             | Assessed<br>Value |
|----------------------|-------------------------------------|-----------------------------------|-------------------|
| 121                  | 34-200-03-01-00-0-00-000            | Sears Roebuck & Company           | 1,882,501         |
| 122                  | 34-200-03-04-00-0-00-000            | McGregor Interests Indeplaza      | 638,316           |
| 123                  | 34-200-03-03-00-0-00-000            | SPG Independence Center LLC       | 67,812            |
| 124                  | 34-200-03-02-00-0-00-000            | CC Independence LLC               | 824,247           |
| 125                  | 34-200-02-13-00-0-00-000            | Commerce Bank of KC •             | 166,196           |
| 126                  | 34-200-01-11-02-0-00-000            | LZB Furniture Galleries of KC Inc | 518,533           |
| 127                  | 34-200-02-15-00-0-000-000           | Ethan Allen Inc                   | 327,824           |
| 128                  | 34-200-02-46-00-0-00-000            | Kellan Restaurant Management Corp | 222,410           |
| 129                  | 34-200-02-30-00-0-00-000            | AHG Inc                           | 312,211           |
| 130                  | 34-200-02-07-04-5-00-000            | AHG Inc                           | 353,341           |
| 131                  | 34-200-02-41-02-0-00-000            | KCMO Properties LLC               | 52,861            |
| 132                  | 34-200-02-28-00-0-00-000            | AHG Inc                           | 342,595           |
| .133                 | 34-200-02-41-01-0-00-000            | Land Trust of Jackson County MO   | 14,856            |
| 134                  | 34-200-02-44-00-0-00-000            | Fargo Hotels Realty LP            | 526,098           |

**B-** 10

÷.)

# Assessed Value Summary

)

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                                | Assessed<br>Value |
|----------------------|-------------------------------------|--------------------------------------|-------------------|
| 135                  | 34-200-02-07-02-2-00-000            | Smith Tom A Jr & Janet G             | 556,427           |
| 136                  | 34-200-02-18-00-0-00-000            | AMF Bowling Centers Inc              | 443,722           |
| 137                  | 34-200-02-34-00-0-00-000            | Truster Burt J & Sharon D            | 115,600           |
| 138                  | 34-200-02-25-00-0-00-000            | 3620 Arrowhead LLC                   | 408,503           |
| 139                  | 34-200-02-33-00-0-00-000            | Star Ventures LLC                    | 115,993           |
| 140                  | 34-600-02-07-02-1-00-000            | Trinity Real Estate Development Inc. |                   |
| 141                  |                                     | Trinity Real Estate Development Inc. |                   |
| 142                  | 34-600-02-42-00-0-00-000            | Zenith Independence LLC              | 911,582           |
| 143                  | 34-600-02-41-00-0-00-000            | Westwin Investment Corp              | 359,211           |
| 144                  | 34-600-02-11-01-1-00-000            | Trinity Real Estate Development Inc. | 268,320           |
| 145                  |                                     | Excluded from District               | ·                 |
| 146                  | 34-600-02-15-01-1-00-000            | Little Blue Holdings LLC             | 22,149            |
| 147                  | 34-600-02-36-00-0-00-000            | Tri-City Baptist Church              | 92,140            |

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                                    | Assessed<br>Value |
|----------------------|-------------------------------------|--|-------------------|
| 148                  | 34-600-02-34-00-0-00-000            | Zenith Independence LLC                  | 962,506           |
| 149                  | 34-600-02-23-00-0-00-000            | Eastland Center Associates LLC           | 367,805           |
| 150                  | 34-600-02-28-00-0-00-000            | I-70 Associates LLC                      | 259,285           |
| 151                  | 34-600-02-29-00-0-00-000            | I-70 Associates LLC                      | 295,923           |
| 152                  | 34-600-02-30-00-0-00-000            | I 70 Investors LLC <sup>.</sup>          | 338,879           |
| 153                  | 34-600-02-38-00-0-00-000            | Kobe Japanese Steakhouse & Sushi Bar LLC | 391,309           |
| 154                  | 34-600-02-43-00-0-00-000            | I-70 Associates LLC                      | 295,785           |
| 155                  | 34-600-02-39-00-0-00-000            | Vision Foods LLC                         | 448,993           |
| 156                  | 34-600-02-17-03-0-00-000            | Jackson County Missouri                  | 638               |
| 157                  | 34-600-02-17-01-0-00-000            | Jackson County Missouri                  | 496               |
| 158                  | 34-600-02-19-00-0-00-000            | Eastland Center Associates LLC           | 511               |
| 159                  | 34-600-02-07-01-1-00-000            | Little Blue Holdings LLC                 | 3,520,000         |
| 160                  | 34-600-02-22-00-0-00-000            | Blue Ridge Bank & Trust Co               | 227,569           |

161

į

Trinity Real Estate Development Inc.

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                                     | Assessed<br>Value |
|----------------------|-------------------------------------|---|-------------------|
| 162                  |                                     | Trinity Real Estate Development Inc.      |                   |
| 163                  | 34-600-02-07-02-0-00-000            | Tri-City Baptist Church                   |                   |
| 164                  | 34-600-02-21-00-0-00-000            | Wendys Old Fashioned Hamburgers           | 260,946           |
| 165                  | 34-200-04-01-01-2-00-000            | Glendale Station LLC                      | 391,610           |
| 166                  | 34-200-15-02-00-0-00-000            | Glendale Station LLC                      | 274,848           |
| 167                  |                                     | Excluded from District                    |                   |
| 168                  | 34-100-03-16-01-0-00-000            | Jackson County Missouri                   | 7,832             |
| 169                  | 34-100-03-11-00-0-00-000            | Reorganized Church of Jesus Christ of LDS | 98                |
| 170                  | 34-200-04-15-00-0-00-000            | Glendale Station LLC                      | 25,74             |
| 171                  | 34-510-07-01-00-0-00-000            | Eastland Business Center North LLC        | 10                |
| 172                  | 34-510-01-02-00-0-00-000            | Crackemeck Country Club Inc.              | 504               |
| 173                  | 34-510-01-01-00-0-00-000            | Crackerneck Country Club Inc.             | 982               |
| 174                  | 34-540-01-01-00-0-00-000            | Ehrhart Green Meadow LLC                  | 506,140           |

j

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                                | Assessed<br>Value |
|----------------------|-------------------------------------|--------------------------------------|-------------------|
| 175                  | 34-540-05-13-00-0-00-000            | Jackson County Missouri              | 3,080             |
| 176                  | 34-510-01-03-00-0-00-000            | Crackerneck Country Club Inc.        | 473,600           |
| 177                  | 34-510-02-09-00-0-00-000            | PGW Investments LLC                  | 108,896           |
| 178                  | 34-510-02-13-00-0-00-000            | Eastland Parkway Business Center LLC | 32                |
| 179                  | 34-510-02-07-00-0-00-000            | Eastland Parkway Business Center LLC | 149,888           |
| 180                  | 34-510-02-06-00-0-00-000            | Eastland Parkway Business Center LLC | 61,056            |
| 181                  | 34-210-02-04-00-0-00-000            | Bel Real Estate LLC                  |                   |
| 182                  | 34-510-02-05-00-0-00-000            | Eastland Parkway Business Center LLC | 32                |
| 183                  | 34-510-02-08-00-0-00-000            | Horn Properties LLC                  | 108,896           |
| 184                  | 34-600-02-44-00-0-00-000            | Eastland Center Associates LLC       | 15,853            |
| 185                  | 34-600-02-35-00-0-00-000            | Eastland Center Associates LLC       | 245,244           |
| 186                  | 34-600-02-52-00-0-00-000            | Trinity Real Estate Development Inc. | 320               |
| 187                  |                                     | Trinity Real Estate Development Inc. |                   |
| 188                  | 34-540-06-04-00-0-00-000            | Crackemeck Plaza Shopping Center LLC | 1,161,912         |

Ì

J

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                            | Assessed<br>Value |
|----------------------|-------------------------------------|----------------------------------|-------------------|
| 189                  | 34-540-06-03-00-0-00-000            | CPSC Two LLC                     | 225,120           |
| 190                  | 34-540-06-02-00-0-00-000            | CPSC-Two LLC                     | 146,116           |
| 191                  | 34-540-07-01-00-0-00-000            | Graham James D                   | 538,073           |
| 192                  | 34-540-05-07-00-0-00-000            | Healthcare Partners LLC          | 1,134,724         |
| 193                  | 34-540-09-02-00-0-00-000            | HCI Properties LLC               | 155,296           |
| 194                  | 34-540-09-03-00-0-00-000            | Prime Properties Interprises LLC | 192,222           |
| 195                  | 34-540-05-08-00-0-00-000            | Healthcare Partners LLC          | 167,868           |
| 196                  | 34-540-05-06-00-0-00-000            | Blue Lakeview LLC                | 236,220           |
| 197                  | 34-540-05-05-00-0-00-000            | Enterprise Holdings LLC          | 374,937           |
| 198                  | 34-540-05-09-00-0-00-000            | PNW LLC                          | 640,000           |
| 199                  | 34-540-05-11-00-0-00-000            | Votum Enterprises, LLC           | 378,302           |
| 200                  | 34-540-05-04-00-0-00-000            | Wais Inc                         | 173,157           |
| 201                  | 34-540-05-10-00-0-00-000            | LLBWS LLC                        | 300,904           |

# Assessed Value Summary

ļ

1

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                          | Assessed<br>Value |
|----------------------|-------------------------------------|--------------------------------|-------------------|
| 202                  | 34-540-05-12-00-0-00-000            | Votum Enterprises, LLC         | 144,834           |
| 203                  | 34-540-05-03-00-0-00-000            | UMB Bank                       | 73,593            |
| 204                  | 34-540-10-01-00-0-00-000            | Bundschu William B             | 98                |
| 205                  | 34-540-05-02-00-0-00-000            | UMB Bank                       | 107,342           |
| 206                  | 34-540-05-01-00-0-00-000            | UMB Bank                       | 176,459           |
| 207                  | 34-510-04-01-00-0-00-000            | Jackson County Missouri        | 2,832             |
| 208                  | 34-510-01-10-00-0-00-000            | Crackerneck Country Club Inc.  | 9,075             |
| 209                  | 34-540-02-01-00-0-00-000            | 1470 Associates LLC            | 296,173           |
| 210                  | 34-510-02-15-00-0-00-000            | E & V Investments LLC          | 490,894           |
| 211                  | 34-540-06-01-00-0-00-000            | Jackson County Missouri        | 4,024             |
| 212                  | 34-510-02-02-00-0-00-000            | Totta Properties LLC           | 96,352            |
| 213                  | 34-510-02-11-00-0-00-000            | Mosier Investment Group LLC    | 71,360            |
| 214                  |                                     | Excluded from District         |                   |
| 215                  | 34-500-01-04-01-1-00-000            | Eastland Center Associates LLC |                   |

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                          | Assessed<br>Value |
|----------------------|-------------------------------------|--------------------------------|-------------------|
| 216                  | 34-600-02-18-02-0-00-000            | Jackson County Missouri        | 7,194             |
| 217                  |                                     | Excluded from District         |                   |
| 218                  |                                     | Excluded from District         |                   |
| 219                  | 34-540-11-03-00-0-00-000            | Jackson County Missouri        | 0                 |
| 220                  | 34-510-06-01-00-0-00-000            | Crackemeck Country Club Inc.   | 0                 |
| 221                  | 34-540-04-02-00-0-00-000            | Sabatco LLC                    | 236,480           |
| 222                  | 34-540-04-01-00-0-00-000            | Sabatco LLC                    | 351,492           |
| 223                  | 34-540-03-01-00-0-00-000            | Ridgeway Investment Co         | 227,534           |
| 224                  | 34-600-02-40-00-0-00-000            | Eastland Center Associates LLC | 196,253           |
| 225                  | 34-600-02-25-00-0-00-000            | City of Independence           | 36,684            |
| 226                  | 34-540-06-07-00-0-00-000            | TCP Fund I LLC                 | 32                |
| 227                  | 34-540-11-01-00-0-00-000            | Jackson County Missouri        | 1,093             |
| 228                  | 34-540-09-01-00-0-00-000            | Reil'Em In LLC                 | 152,224           |

)

)

Ż

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                                 | Assessed<br>Value |
|----------------------|-------------------------------------|---------------------------------------|-------------------|
| 229                  | 34-540-11-02-00-0-00-000            | Southpaw LLC                          | 484,326           |
| 230                  | 34-510-01-07-00-0-00-000            | BFRE LLC                              | 620,370           |
| 231                  | 34-510-01-05-00-0-00-000            | Lowe's Home Centers Inc.              | 2,892,800         |
| 232                  | 34-510-01-08-00-0-00-000            | Stayton D T-Trustee                   | 317,048           |
| 233                  | 34-540-02-03-00-0-00-000            | 40 <sup>-</sup> Highway Investors LLC | 315,219           |
| 234                  | 34-510-01-09-00-0-00-000            | Costco Wholesale Corporation          | 3,360,000         |
| 235                  | 34-510-01-04-00-0-00-000            | Carmax Auto Superstores Inc           | 1,505,120         |
| 236                  | 34-540-02-02-00-0-00-000            | 40 Highway Restaurant Investors LLC   | 496,800           |
| 237                  | 34-600-02-17-02-0-00-000            | Eastland Center Associates LLC        | 212               |
| 238                  | 34-510-03-06-00-0-00-000            | EJN Holdings LLC                      | 511,668           |
| 239                  | 34-540-01-02-00-0-00-000            | 40 Highway Associates LLC             | 258,944           |
| 240                  | 34-510-03-07-00-0-00-000            | Rottinghaus R E LLC                   | 277,728           |
| 241                  |                                     | Excluded from District                |                   |
| 242                  | 34-600-01-19-00-0-00-000            | Jackson County Missouri               | 16,231            |

 $\sum_{i \neq j}$ 

i

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                                | Assessed<br>Value |
|----------------------|-------------------------------------|--------------------------------------|-------------------|
| 243                  | 34-600-01-20-01-1-00-000            | Trinity Real Estate Development Inc. | 4,082             |
| 244                  | 34-600-01-18-01-0-00-000            | Miller Terry A & Linda F             | 995               |
| 245                  | 34-100-03-16-02-0-00-000            | Jackson County Missouri              | 1,276             |
| 246                  | 34-100-03-17-02-0-00-000            | CPB Inc                              | 156               |
| 247                  | . · · ·                             | Excluded from District               |                   |
| 248                  |                                     | Excluded from District               |                   |
| 249                  |                                     | Excluded from District               |                   |
| 250                  |                                     | Excluded from District               |                   |
| 251                  | 34-200-04-10-00-0-00-000            | Crackerneck Country Club Inc.        | 7,594             |
| 252                  | 34-200-04-14-00-0-00-000            | SPG Independence Center LLC          | 673               |
| 253                  | 34-200-04-11-00-0-00-000            | Jackson County Missouri              | 579               |
| 254                  | 34-100-03-15-02-0-00-000            | Jackson County Missouri              | 4,252             |
| 255                  | 34-100-03-26-00-0-00-000            | Independence Hotel Properties        | 2,472,128         |

# Assessed Value Summary

| Parcel Map<br>Number | Jackson County Tax<br>Parcel Number | Owner                                    | Assessed<br>Value |
|----------------------|-------------------------------------|--|-------------------|
| 256                  | 34-100-03-25-00-0-00-000            | Independence Hotel Properties            | 596,507           |
| 257                  | 34-100-03-27-00-0-00-000            | Inland American Independence Hartman LLC | 902,137           |
| 258                  | 34-100-03-15-01-0-00-000            | Jackson County Missouri                  | 14,069            |
| 259                  |                                     | Glendale Station LLC                     |                   |
| 260                  |                                     | Glendale Station LLC                     |                   |
| 261                  | 34-540-06-06-00-0-00-000            | TCP Fund I LLC                           | 225,568           |
| 262                  | 34-540-06-05-00-0-00-000            | TCP Fund I LLC                           | 501,024           |
| 263                  | 34-540-06-08-00-0-00-000            | TCP Fund I LLC                           | 477,568           |
| 264                  | 34-200-15-01-00-0-00-000            | Glendale Station LLC                     | 219,648           |
| 265                  | 34-100-03-17-01-1-00-000            | 39th Street & Little Blue Parkway LLC    | 2,337             |
| 266                  |                                     | Excluded from District                   |                   |
| 267                  |                                     | Centerpoint Medical Center of Indep LLC  |                   |
| 268                  |                                     | Centerpoint Medical Center of Indep LLC  |                   |
| Grand Total          |                                     |  | 132,021,803       |

### EXHIBIT C

## TO THE PETITION FOR ESTABLISHMENT

OF

### INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

### **CITY OF INDEPENDENCE, MISSOURI**

## **DISTRICT FIVE YEAR PLAN**

The information and details outlined in the following pages represent the strategies, activities, services and improvements that will be undertaken during the initial five-year duration of a Community Improvement District in the City of Independence. It is an integral and composite part of the petition to establish Independence Events Center Community Improvement District.

### Introduction

The Independence Events Center Community Improvement District (the "District") is created pursuant to Section 67.1401 through 67.1571 of the Revised Statutes of Missouri (the "CID Act"). Section 67.1421, RSMo, requires that the petition for the creation of the District be accompanied by a five-year plan which includes a description of the purposes of the proposed district, the improvements it will make and an estimate of the costs of these improvements to be incurred. This Five-Year District Plan (the "Plan") is designed to comply with this statutory requirement, and is appended to the Petition for Establishment of the District.

### Section 1 Why Create a Community Improvement District?

The District is proposed to provide funding for the acquisition of property for and construction of the Independence Event Center (the "Events Center"), the construction of public improvements for the Events Center, and the provision of transportation services to serve the District. The District will incur obligations, which may include the issuance of bonds, the proceeds of which may be used to fund all or a certain portion of the costs associated with the construction of the Events Center and associated public improvements. The District will impose a sales tax on the commercial uses within the project, the revenues of which will be used to repay the District's obligations. If bonds are issued by the District, the bonds will not be a financial obligation of the City of Independence. The City may amend certain tax increment financing plans that have already been approved within the District, which will allow that portion of District sales tax revenues that are captured by the operation of such TIF plans to be used to repay District obligations or pay for the costs of District improvements and services.

### Section 2 What is a Community Improvement District?

A community improvement district ("CID") is an entity that is separate from the City of Independence (the "City") and is formed by the adoption of an ordinance by the City's City Council following a public hearing before the City Council regarding formation of the District. A CID may take the form of a political subdivision of the State of Missouri, or of a nonprofit corporation that is formed and operated under Missouri corporation laws. CIDs are empowered to provide a variety of public services and to finance a number of different public improvements. CIDs derive their revenue from taxes and assessments levied within the boundaries of the CID. Such revenues are then used for the benefit of the properties within the CID. A CID is operated and managed by a board of directors, whose members may be appointed or elected. Board members serve for a designated period of time and the Board positions are again elected or appointed at the expiration of each term.

### Section 3 Plan Summary

This Plan is proposed to improve and to convey special benefits to properties located within the boundaries of the District by providing assistance in the construction of certain public improvements that serve the District. The District in this case will take the form of a separate political subdivision of the State of Missouri, which will be governed by a Board of Directors that will consist of five members.

#### **District Formation:**

CID formation requires submission of signed petitions from a group of property owners:

- collectively owning more than fifty percent (50%) by assessed value of the real property within the District, and
- representing more than fifty percent (50%) per capita of all owners of real property within the District.

The Petition to which this Plan is attached meets these signature requirements.

#### Location:

. 1

The Project is located generally at the northwest, Northeast and south east corners of the intersection of Interstate 70 and Interstate 470 in Independence, Missouri. Initially, the District will cover the land shown on the map included as <u>Exhibit 1</u> of this Plan. Additional land, which may be needed for the proposed Public Improvements, may be added to the District at a later time.

#### Assessed Value of District:

The total assessed value of the properties within the District on the date of the Petition is set forth in **Exhibit B** of the Petition.

#### Improvements:

The District will construct, fund or assist in the funding of the construction of certain public improvements (the "**Public Improvements**"), which are more particularly described in <u>Exhibit 2</u> of this Plan.

#### Services:

The District will provide for or contract for and fund or assist in the funding of certain transportation services (the "IndeBus System"), in coordination with the Crackerneck Creek Transportation Development District (the "TDD"), the City and businesses within the District and the surrounding commercial areas. The IndeBus System will be design to carry passengers to, from and among the Events Center, stores and parking areas within the District and areas surrounding the District. The routes and stops of the IndeBus System will be determined by the City, in coordination with the District and other relevant parties including the TDD. The District may purchase or contract for the IndeBus System, and may enter into one or more cooperative agreements with the TDD, the City and other relevant parties to provide for the coordination of the IndeBus System. In the event that the IndeBus System operates in areas outside the District, then District funding of such services will be restricted to the proportional cost of such services operating within the District.

The District may also engage appropriate service professionals to provide for the routine operation of the District, including accounting, administrative and legal services.

#### Method of Financing:

It is anticipated that the City or another issuer selected by the City will issue bonds or incur other obligations, as defined in Section 67.1401.2(10) of the Revised Statutes of Missouri, to pay for the Public Improvements and the District Services. The District will impose a sales tax at a rate not to exceed one percent (1.0%) on all retail sales made in the District which are subject to taxation pursuant to sections 144.010 to 144.525 of the Revised Statutes of Missouri, except the sale of motor vehicles, trailers, boats or outboard motors and sales to public utilities, all as allowed by Sections 67.1461 and 67.1545 of the

Revised Statutes of Missouri (the "District Sales Tax"). It is the intention that the District Sales Tax will be imposed in two stages. The District Sales Tax will initially be imposed at the rate of one-half percent (0.5%) for a period of twenty (20) years, and thereafter be increased to five-eighths percent (0.625%) for the remaining life of the District. The actual rate of the District Sales Tax and the duration of each adjusted rate shall be as established in a cooperative agreement between the District and the City, but in no event will the tax exceed one percent (1.0%). Additional details about the distribution of District Sales Tax revenues and the administration of and accounting for the District Sales Tax will be used to fund, or repay the bonds or other obligations that are issued to fund, the costs of construction of the Public Improvements and the Events Center and the costs of land acquisition and the acquisition or rental of equipment necessary to provide the District Services, as well as payment of District Services, the IndeBus System and administrative, legal and other operating costs of the District.

#### Cost:

The total estimated cost of the Public Improvements and the estimated annual cost of administering and operating the District is set forth in <u>Exhibit 2</u>.

#### City Services:

The CID Act mandates that existing City services will continue to be provided within a CID at the same level as before the District was created, unless services are decreased throughout the City, and that District services shall be in addition to existing City services. The District anticipates that City services will continue to be provided within the District at the same level as before the District was created, and the District will not cause the level of City services within the District to diminish.

#### Duration:

The District will operate for a maximum term of thirty five (35) years beginning 2007, which is the time period that it is estimated for the District Sales Tax to remain in place to fully fund the costs to be funded by the District. The petition process must be repeated for the CID to continue beyond 35 years. No plan for distribution of assets on dissolution may be approved unless the title to assets of the District are to be owned by the State of Missouri or a political subdivision of the State of Missouri. If title to the assets of the District vest in the State of Missouri or a political subdivision of the State of Missouri, the District may be dissolved prior to 35 years. Also, if the District has no outstanding obligations, the District may be terminated prior to 35 years.

#### District Management:

The day-to-day affairs of the District will be managed by the City on behalf of the District in accordance with a cooperative agreement between the District and the City. Under this agreement, the City will receive the District Sales Tax revenues from the state and shall account for and manage the distribution of such revenues in accordance with the cooperative agreement. The agreement will also provide for additional qualifications for the District board of directors and additional details regarding other aspects of District operations to be provided by the City.

#### Governance:

The District's budgets and policies will be refined annually, within the limitations set forth in this Plan, by District Board of Directors. The District will enter into a contract with the City to coordinate construction, maintenance and financing activities of the District with the City. Budgets and reports will be submitted annually to the City for review and comment. The District will operate at all times in accordance with the District Rules and Regulations (Section 8) and the Bylaws of the District.

### Section 4 District Boundaries

The map of the District is attached as **Exhibit 1** to this Plan. At such time as may be directed by the City, the District will cause the District boundaries to be amended such that the real property that is, or will become, necessary for road improvements funding by the District will be added to the District area.

### Section 5 Facilities and Services to Be Provided

As summarized above, during the first five years, the District will be used as a mechanism to finance the cost of constructing the Public Improvements. The District will also provide for its operating costs, including administrative and legal services.

### Section 6 Governing the Community Improvement District

#### City Council

Following the submission of the Petition, the City Council will conduct a public hearing and then consider an ordinance to create the District.

#### Board of Directors for CID:

CID budgets and policies will be refined annually, within the limitations set forth in the Plan, by the District Board of Directors. Annual budgets will be submitted annually to the City of Independence for review and comment.

#### Contract with the City:

The District will enter into a contract with the City of Independence regarding the operation of the District, the imposition and collection of the District Sales Tax, the issuance of bonds to fund construction and maintenance of the Public Improvements and any other relevant aspects of the overall financing for the Public Improvements and the administration and operation of the District. Pursuant to Section 67.1461.3, RSMo, the contract between the District and the City will also provide for the annual reimbursement to the City for the reasonable and actual expenses incurred by the City to establish the District and review annual budgets and reports of the District which are required to be submitted to the City.

### Section 8 District Rules and Regulations

1.

The District shall operate at all times in accordance with Bylaws that shall be adopted by the Board of Directors. The initial Bylaws to be adopted by the Board of Directors shall be in substantially the same form as the Bylaws attached to this Plan as **Exhibit 3**. The District shall at

all times conduct its proceedings in accordance with Robert's Rules of Order, except as otherwise provided in the Bylaws.

- 2. The District will meet on an annual or more frequent basis. The District shall hold meetings when so requested by the City.
- 3. The District will annually prepare a budget, and an annual report describing the major activities of the District during the preceding year and upcoming year. The Budget and Report shall be submitted to the City for review and comment not less than thirty (30) days prior to the intended date of approval of the Budget. The Budget shall not be approved without the prior written consent of the City.

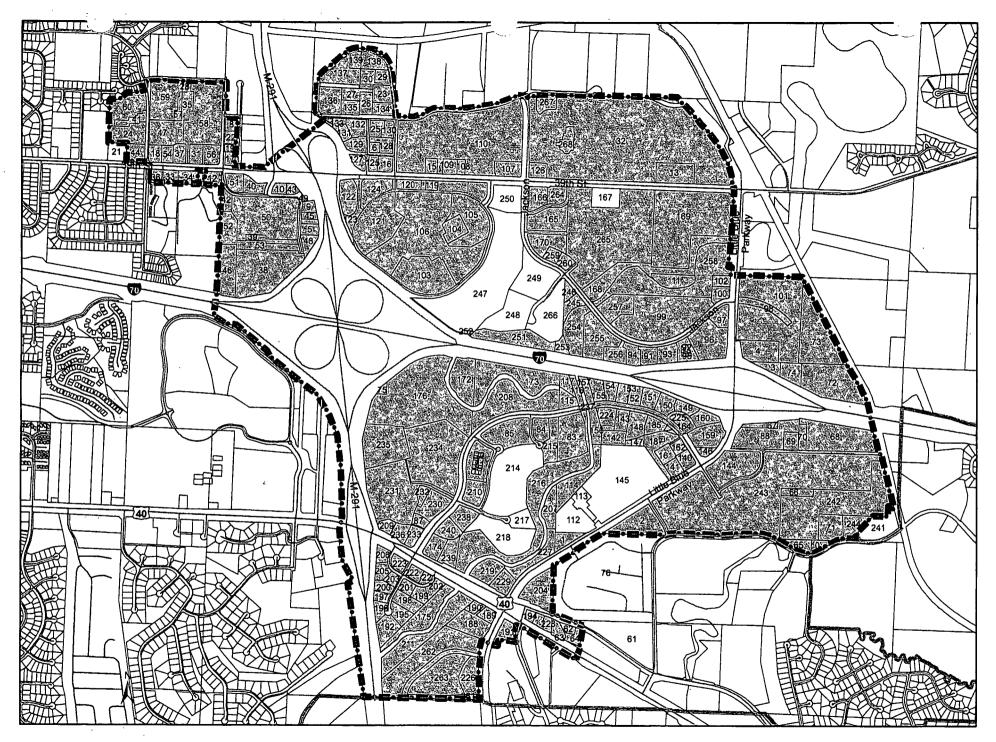
C-6

## EXHIBIT 1 to Five Year Plan

## DISTRICT MAP

. )

.



#### EXHIBIT 2 to Five Year Plan

## DESCRIPTION AND ESTIMATED COST OF DISTRICT PUBLIC IMPROVEMENTS AND SERVICES

*Public Improvements* that may be constructed or funded by the District include, but are not limited to, the following:

- 1) The Events Center;
- 2) Property acquisition for the Public Improvements.
- 3) Improvements to internal, collector, and arterial roads and highways, including, but not limited to, new roads and highways, and the realignment, widening, and addition of acceleration, deceleration, and turn lanes to, existing roads and highways;
- 4) Streetscape, curbs, gutters, sidewalks, ramps, benches and lighting;
- 5) Transportation services stops, including sheltered transportation services stops;
- 6) Traffic signals;
- 7) Parking structures and lots;
- 8) Landscaping and other aesthetic improvements;
- 9) Sewer system facilities and infrastructure;
- 10) Water system facilities and infrastructure;
- 11) Water drainage and detention facilities;
- 12) Signage;
- 13) Site preparation, including mass grading and cut and fill, associated with the construction of the Public Improvements.

The estimated cost of constructing the Events Center is \$50,000,000. The estimated cost of property acquisition for the Public Improvements is \$5,900,000. The estimated cost of all other Public Improvements is \$4,100,000. The total estimated cost of the Public Improvements is \$60,000,000.

District Services that may be provided by the District, include, but are not limited to, providing for, or contracting for and funding or assisting in the funding of, the IndeBus System in coordination with the Crackerneck Creek Transportation Development District, the City and businesses within the District and the surrounding commercial areas. The IndeBus System will be designed to carry passengers to, from and among the Events Center, stores and parking areas within the District and areas surrounding the District. The routes and stops of the IndeBus System will be determined by the City, in coordination with the District and other relevant parties including the TDD. The District may purchase or contract for the IndeBus System, and may enter into one or more cooperative agreements with the TDD, the City and other relevant parties to provide for the coordination of the IndeBus System. In the event that the IndeBus System operates in areas outside the District, then District funding of such services will be restricted to the proportional cost of such services operating within the District. The District may also engage appropriate service professionals to provide for the routine operation of the District, including accounting, administrative and legal services.

The estimated annual cost to the District of providing the IndeBus System is \$200,000. The estimated annual cost of administration and operation of the District is \$20,000. The total annual estimated costs of providing the District Services is \$220,000.

}

j

### EXHIBIT 3 to Five Year Plan

#### BYLAWS

#### **OF THE**

## INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

### ARTICLE I OFFICES, RECORDS, SEAL

1. Principal Office. The principal office of the District shall be located within the bounds of Independence, Missouri, at such place as may from time to time be designated by the Board of Directors.

2. **Records.** The District shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board of Directors and each committee of the Board of Directors. The District shall keep at its principal office a record of the name and place of residence of each director and each officer.

3. Seal. The District shall not have a corporate seal unless it is otherwise required by law to obtain or use such a seal.

### ARTICLE II PURPOSES

The purposes of the District shall be to provide those services and improvements set forth in the petition for creation of the District and the Five Year Plan, and for all other lawful purposes that may be authorized by the Board of Directors and allowed by Section 67.1461 of the Revised Statutes of Missouri.

#### ARTICLE III BOARD OF DIRECTORS

1. Powers of Board of Directors. The Board of Directors shall have and is vested with all powers and authorities granted by Section 67.1401 through 67.1571, RSMo, except as it may be expressly limited by law or these Bylaws, to supervise, control, direct and manage the property, affairs and activities of the District, to determine the policies of the District, to do or cause to be done any and all lawful things for and on behalf of the District, to exercise or cause to be exercised any or all of its powers, privileges or franchises, and to seek the effectuation of its objects and purposes.

2. Official Actions. In accordance with Section 67.1451, RSMo, all official acts of the Board of Directors shall be by written resolution approved by the Board.

3. Number of Directors; Qualifications. The number of directors of the District to constitute the Board of Directors shall be five (5). The number of directors may not be increased or

1

decreased. Each director shall be a United States citizen and resident of Missouri for at least one year immediately preceding their respective term, at least eighteen (18) years of age and a property owner, or representative of an owner of property located within the boundaries of the District; or the owner or a representative of the owner of a business operating within the boundaries of the District. Each director shall additionally be a person appointed by or approved by the City. In the event that a director is also an employee or elected or appointed officer of the City, such director's term of office as a District director shall automatically terminate in the event that the person ceases, for any reason, to be an employee or elected or appointed official of the City. In the event of a vacancy caused as a result of the prior sentence, an interim director shall be appointed in accordance with paragraph 9 of this Article III, and thereafter the successor director shall be appointed as provided in these Bylaws.

4. Initial Board of Directors. The initial Board of Directors and their respective term of office are as follows:

4 years 4 years 2 years 2 years 2 years 2 years

Thereafter, successor directors shall be selected in the manner and for the terms provided for in paragraph 6 of this Article III.

5. Commencement of Term of Office of Directors. A director shall not be deemed to have commenced his or her term of office or to have any of the powers or responsibilities of a director (i) unless such director is qualified to act as such, and (ii) until the time such director accepts the office of director either by a written acceptance or by participating in the affairs of the District at a meeting of the Board of Directors or otherwise.

6. Successor Directors. In all cases except where the Board of Directors is filling a vacancy for the remainder of a term pursuant to this Article III, the Mayor of the City shall appoint successor directors, subject to the consent of the City Council. Successor Directors appointed pursuant to this section shall serve for a term of four years.

7. **Removal for Cause.** In accordance with Section 67.1451.7, RSMo, any director may be removed for cause by a two-thirds affirmative vote of the Directors of the Board (four Directors). Written notice of the proposed removal shall be given to all directors prior to action thereon.

8. Resignation. Any director may resign from the Board of Directors. Such resignation shall be in writing addressed to the Secretary of the District and shall be effective immediately upon receipt by the Board of Directors.

9. Vacancy. In accordance with Section 67.1451.4, RSMo, in the event of a vacancy on the Board of Directors prior to the expiration of a director's term, the Mayor shall appoint an interim director to fill the vacancy for the unexpired term with the consent of the City Council. At the expiration of the remaining term of the interim director, a new director shall be selected as provided in paragraph 6 of this Article III.

Bylaws of the Independence Events Center Community Improvement District

10. Compensation of Directors. No director shall receive compensation from the District for any service such director may render to it as a director. A director may be reimbursed for his or her actual expenses reasonably incurred in and about such director's performance of his or her duties as a director.

11. Committees. The Board of Directors shall have no authority to appoint an executive committee or any other committee having the authority of the Board of Directors. The Board of Directors may create and appoint any committees it deems necessary and advisable to conduct studies and reviews and provide advice and recommendations to the Board of Directors.

## ARTICLE IV MEETINGS AND PROCEDURES

1. **Procedural Rules.** All meetings and proceedings of the District shall be in accordance with Robert's Rules of Order except as otherwise directed by these Bylaws.

2. Place. Meetings of the Board of Directors of the District shall be held at the principal office of the District, as designated by the Board of Directors, or at any other place within Jackson County, Missouri, as may be determined from time to time by the Board of Directors.

3. Notice of Meetings. Meetings may be called by the Chairman, the Vice Chairman or the Secretary or by a majority of the Board of Directors by notice duly signed by the officer or directors calling the same and given in the manner hereinafter provided. Written notice stating the time, date, place and tentative agenda of a meeting shall be delivered to each director not less than twenty four (24) hours before the time of the meeting, either personally, by mail or by facsimile. If mailed, such notice shall be deemed to be delivered three days after depositing such notice in the United States mail addressed to the director at such director's address as it appears on the records of the District, with postage thereon prepaid.

4. Waiver of Notice. Any notice provided or required to be given to the directors may be waived in writing by any of them whether before or after the time stated therein. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where the director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

5. Quorum. The presence of a majority of the Board of Directors shall be requisite for and shall constitute a quorum for the transaction of business at all meetings. Vacant positions are not counted in determining a majority of the Board of Directors. The acts of directors, in accordance with Robert's Rules of Order, who are present at a meeting at which a quorum is present, shall be valid as the act of the Board of Directors except in those specific instances in which a larger vote may be required according to Robert's Rules of Order, by law or these Bylaws.

6. Adjournment. Whether or not a quorum shall be present at any such meeting, the directors present shall have power to adjourn the meeting, without notice other than announcement at the meeting, to a specified date. At any such adjourned meeting at which a quorum shall be present, any business may be transacted that could have been transacted at the original session of the meeting.

Bylaws of the Independence Events Center Community Improvement District

1

7. Voting. Each director present at any meeting shall be entitled to cast one vote on each matter coming before such meeting for decision. If a roll call is taken, all votes shall be recorded so as to attribute each "aye" and "nay" vote, or abstinence if not voting, to the name of the respective director.

8. Official Actions. In accordance with Section 67.1451.8, RSMo, all official acts of the Board of Directors shall be by written resolution approved by the Board.

9. Meeting by Conference Telephone. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting. Notice for such meetings shall designate a place where members of the public may hear the conference call for purposes of complying with Chapter 610 of the Revised Statutes of Missouri, as amended (the "Sunshine Law").

10. Compliance with State Sunshine Law. The District is a "public governmental body" pursuant to the Sunshine Law; therefore, notwithstanding any other provision of these Bylaws and in addition to any requirements of these Bylaws, the District shall give notice of and conduct all meetings of the Board of Directors in accordance with the Sunshine Law.

#### ARTICLE V OFFICERS

1. General. The officers of the District shall be a Chairman, a Vice Chairman, an Executive Director, a Secretary, a Treasurer and such other officers as the Board of Directors may appoint. The officers shall be appointed from among the members of the Board of Directors and shall at all times while holding such offices be members of the Board of Directors. One Director may hold two or more offices.

2. Election and Terms of Office. Initially, the officers shall be appointed by the Board of Directors named in these Bylaws at the first meeting of that body, to serve until the first annual meeting of the Board of Directors and until their successors are duly elected and qualified.

At the first and each subsequent annual meeting of the Board of Directors, the Board of Directors shall appoint officers to serve until the next annual meeting of the Board of Directors and until their successors are duly appointed and qualified.

An officer shall be deemed qualified when such officer enters upon the duties of the office to which such officer has been appointed and furnishes any bond required by the Board of Directors or these Bylaws; but the Board of Directors may also require of such person a written acceptance and promise faithfully to discharge the duties of such office.

The term of office of each officer of the District shall terminate at the annual meeting of the Board of Directors next succeeding his or her appointment and at which any officer of the District is appointed unless the Board of Directors provides otherwise at the time of his or her appointment.

3. **Removal.** If for any reason any officer who is also a member of the Board of Directors ceases to be a member, then such officer shall be deemed automatically removed from office in the District.

)

4. Compensation of Officers. No officer who is also a member of the Board of Directors shall receive any salary or compensation from the District for any services such officer may render to it as an officer. Salaries and compensation of all other officers, agents and employees of the District, if any, may be fixed, increased or decreased by the Board of Directors, but until action is taken with respect thereto by the Board of Directors, the same may be fixed, increased or decreased by the Chairman, or such other officer or officers as may be empowered by the Board of Directors to do so; provided, however, that no person may fix, increase or decrease his or her own salary or compensation. Each officer may be reimbursed for such officer's actual expenses if they are reasonable and incurred in connection with the purposes and activities of the District.

5. Vacancies. Vacancies caused by the death, resignation, incapacity, removal or disqualification of an officer of the District shall be filled by the Board of Directors at any annual or other regular meeting or at any special meeting called for that purpose, and such person or persons so elected to fill any such vacancy shall serve at the pleasure of the Board of Directors until the next annual meeting of the Board of Directors, and until such officer's successor is duly elected and qualified.

6. The Chairman. The Chairman shall be the chief executive officer of the District, shall have such general executive powers and duties of supervision and management as are usually vested in the office of the chief executive officer of a District, and shall carry into effect all directions and resolutions of the Board of Directors. The Chairman may serve as the Executive Director pursuant to paragraph 10 of this Article V. The Chairman shall preside at all meetings of the Board of Directors at which he or she may be present.

The Chairman may execute all bonds, notes, debentures, mortgages, and other contracts requiring a seal, under the seal of the District and may cause the seal to be affixed thereto, and all other instruments for and in the name of the District.

The Chairman shall have the right to attend any meeting of any committee of the Board of Directors and to express his or her opinion and make reports at such meeting; provided, however, that unless the Chairman shall be specifically appointed to any committee, the Chairman shall not be considered to be a committee member or have the right to vote or be counted for the purpose of determining a quorum at any such meeting.

The Chairman shall have such other duties, powers and authority as may be prescribed elsewhere in these Bylaws or by the Board of Directors.

7. The Vice Chairman. The Vice Chairman shall work in cooperation with the Chairman and shall perform such duties as the Board of Directors may assign to him or her. In the event of the death, and during the absence, incapacity, inability or refusal to act of the Chairman, the Vice Chairman shall be vested with all the powers and perform all of the duties of the office of Chairman. In the absence of the Chairman, the Vice Chairman shall preside at all meetings of the Board of Directors at which he or she may be present. The Vice Chairman shall have such other or further duties or authority as may be prescribed elsewhere in these Bylaws or from time to time by the Board of Directors.

8. The Secretary. The Secretary shall attend the meetings of the Board of Directors and shall record or cause to be recorded all votes taken and the minutes of all proceedings in the minute book of the District to be kept for that purpose. The Secretary shall perform like duties for any committee established pursuant to these Bylaws when requested by such committee to do so. The Secretary shall be the custodian of all the books, papers and records of the District and shall, at such reasonable times as may be requested, permit an inspection of such books, papers and records by any director of the District. The Secretary shall upon reasonable demand furnish a full, true and correct copy of any book, paper or

5

Bylaws of the Independence Events Center Community Improvement District

record in his or her possession. The Secretary shall be the administrative and clerical officer of the District under the supervision of the Chairman and the Board of Directors.

. }

If the District has a seal, the Secretary shall keep in safe custody the seal of the District and when authorized to do so shall affix the same to any instrument requiring the seal, and when so affixed, the Secretary shall attest the same by his or her signature.

The Secretary shall have the general duties, powers and responsibilities of a secretary of a district and shall have such other or further duties or authority as may be prescribed elsewhere in these Bylaws or from time to time by the Board of Directors.

9. Treasurer. The Treasurer shall have supervision and custody of all moneys, funds and credits of the District and shall cause to be kept full and accurate accounts of the receipts and disbursements of the District in books belonging to it. The Treasurer shall keep or cause to be kept all other books of account and accounting records of the District as shall be necessary, and shall cause all moneys and credits to be deposited in the name and to the credit of the District in such accounts and depositories as may be designated by the Board of Directors. The Treasurer shall disburse or supervise the disbursement of funds of the District in accordance with the authority granted by the Board of Directors, taking proper vouchers therefor. The Treasurer shall be relieved of all responsibility for any moneys or other valuable property or the disbursement thereof committed by the Board of Directors to the custody of any other person or district, or the supervision of which is delegated by the Board of Directors to any other officer, agent or employee.

The Treasurer shall render to the Chairman or the Board of Directors, whenever requested by them, an account of all transactions as Treasurer and of those under the Treasurer's jurisdiction and the financial condition of the District.

The Treasurer shall have the general duties, powers and responsibilities of a treasurer of a district, shall be the chief financial, accounting and budget officer of the District and shall have and perform such other duties, responsibilities and authorities as may be prescribed from time to time by the Board of Directors.

10. The Executive Director. The Executive Director shall execute documents, take any action and perform any further duties as may be prescribed from time to time by the Board of Directors.

11. Other Agents. The Board of Directors from time to time may also appoint such other agents for the District as it shall deem necessary or advisable, each of whom shall serve at the pleasure of the Board of Directors or for such period as the Board of Directors may specify, and shall exercise such powers, have such titles and perform such duties as shall be determined from time to time by the Board of Directors or by an officer empowered by the Board of Directors to make such determinations.

#### ARTICLE VI GENERAL PROVISIONS

1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the District. All contracts shall be approved by written resolution of the Board of Directors.

2. Depositories and Checks. The moneys of the District shall be deposited in such manner as the Board of Directors shall direct in such banks or trust companies as the Board of Directors may

Bylaws of the Independence Events Center Community Improvement District

designate and shall be drawn out by checks or drafts signed in such manner as may be provided by resolution adopted by the Board of Directors.

3. Bonds. The Board of Directors may require that any officer or employee handling money of the District be bonded at the District's expense, in such amounts as may be determined by the Board of Directors.

4. Custodian of Securities. The Board of Directors may from time to time appoint one or more banks or trust companies to act for reasonable compensation as custodian of all securities and other valuables owned by the District, and to exercise in respect thereof such powers as may be conferred by resolution of the Board of Directors. The Board of Directors may remove any such custodian at any time.

5. Fiscal Year. The Board of Directors shall have the power to fix and, from time to time, change the fiscal year of the District. In the absence of action by the Board of Directors, however, the fiscal year of the District shall end each year on the date that the District treated as the close of its first fiscal year, until such time, if any, as the fiscal year shall be changed by the Board of Directors.

6. Certain Loans Prohibited. The District shall not make any loan to any officer or director of the District. No loans shall be contracted on behalf of the District and no evidence of any financial obligation shall be issued in its name unless authorized by resolutions of the Board of Directors of the District.

7. Indemnification and Liability of Directors and Officers. Each person who is or was a director or officer of the District (including the heirs, executors, administrators and estate of such person) shall be indemnified by the District as of right to the full extent permitted or authorized by the laws of Missouri, as now in effect and as hereafter amended, against any liability, judgment, fine, amount paid in settlement, cost and expense (including attorneys' fees) asserted or threatened against or incurred by such person in such person's capacity as or arising out of such person's status as a director or officer of the District. The indemnification provided by this Bylaw provision shall not be exclusive of any other rights to which those indemnified may be entitled under any other bylaw provision or under any agreement, vote of disinterested directors or otherwise, and shall not limit in any way any right which the District may have to make different or further indemnifications with respect to the same or different persons or classes of persons.

No person shall be liable to the District for any loss, damage, liability or expense suffered by it on account of any action taken or omitted to be taken by such person as a director or officer of the District if such person (i) exercised the same degree of care and skill as a prudent person would have exercised under the circumstances in the conduct of his or her own affairs, or (ii) took or omitted to take such action in reliance upon advice of counsel for the District, or upon statements made or information furnished by directors, officers, employees or agents of the District which such person had no reasonable grounds to disbelieve.

8. Absence of Personal Liability. The directors and officers of the District are not individually or personally liable for the debts, liabilities or obligations of the District.

9. Budgets. The District will annually prepare a budget, and an annual report describing the major activities of the District during the preceding year and upcoming year. The Budget and Report shall be submitted to the City Administrator for review and comment not less than thirty (30) days prior to the intended date of approval of the Budget. The Budget shall not be approved without the prior written consent of the City. Not later than the first day of each fiscal year, the Board of Directors shall adopt a budget for the District for the ensuing budget year, for every fund of the District of any kind, in

7

such a manner as may be provided by law. If the Board of Directors fails to adopt a budget by the first day of a fiscal year, the District shall be deemed to have adopted a budget for such fiscal year which provides for application of the District's sales tax revenues collected in such fiscal year in accordance with the budget for the prior fiscal year.

ĵ

)

#### ARTICLE VII AMENDMENTS

The Board of Directors of the District shall have the power to make, alter, amend and repeal the Bylaws of the District and to adopt new Bylaws, which power may be exercised by a vote of a majority of the members of the full Board of Directors. The District shall keep at its principal office a copy of the Bylaws, as amended, which shall be open to inspection by any member of the Board of Directors at all reasonable times during office hours.

## **CERTIFICATE TO BYLAWS**

The foregoing Bylaws were duly adopted as and for the Bylaws of the Independence Events Center Community Improvement District by the Board of Directors of said District at its first meeting held on , 2007.

Secretary of the Board of Directors

Bylaws of the Independence Events Center Community Improvement District

# **City Clerk Verification of CID Petition**

Pursuant to Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri (the "CID Act"), I, Bruce Lowrey, City Clerk of the City of Independence, Missouri, state the following:

- 1. A petition to form the Independence Events Center Community Improvement District was filed with the City Clerk on \_\_\_\_\_\_, 2007.
- 2. I have reviewed the petition and have determined on \_\_\_\_\_\_\_, 2007, which does not exceed ninety days after receipt of the petition, that the petition substantially complies with the requirements of Section 67.1421.2 of the CID Act.

1

3. On \_\_\_\_\_\_, 2007, I delivered the verified petition to the City Council.

(SEAL)

Date

)

Bruce Lowrey City Clerk City of Independence, Missouri Events Center Community Improvement District (CID) Approval of Petition 12/11/07-bl

BILL NO. 07-599

# ORDINANCE NO. 16905

### AN ORDINANCE APPROVING THE PETITION FOR AND ESTABLISHING THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT (CID); AND DECLARING AN EMERGENCY.

WHEREAS, Sections 67.1401 to 67.1571 RSMo, 2000, as amended (the "CID Act"), authorize the governing body of any city, upon presentation of a proper petition requesting the formation and after a public hearing, to adopt an ordinance establishing a community improvement district; and,

WHEREAS, the City of Independence, Missouri (the "City") is a charter city and a political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of the Constitution and laws of the State of Missouri; and,

WHEREAS, on November 30, 2007, the property owners within a proposed community improvement district filed with the Independence City Clerk (the "City Clerk") a petition for the establishment of a community improvement district pursuant to the CID Act (the "Petition"), entitled the Independence Events Center Community Improvement District (the "District"); and,

WHEREAS, the City Clerk verified that the Petition substantially complies with the CID Act, submitted the verified Petition to the City Council and set a public hearing with all proper notice being given in accordance with the CID Act or other applicable law; and,

WHEREAS, none of the signatures of the signers of the Petition were withdrawn within seven days after the Petition was filed with the City Clerk; and

WHEREAS, all the real property included in the District is entirely located within the City of Independence; and,

WHEREAS, on December 20, 2007, the City Council held a public hearing at which all persons interested in the formation of the District were allowed an opportunity to speak; and,

WHEREAS, the Petition to establish the District being fully heard before the City Council, the City now desires to establish the District and make such other findings as necessary;

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

<u>SECTION 1.</u> That all terms used in this Ordinance shall be construed as defined in the CID Act, and the Petition.

<u>SECTION 2.</u> That the City Clerk has verified that the Petition for the Establishment of the Independence Events Center Community Improvement District substantially complies with all submission requirements of the CID Act.

<u>SECTION 3.</u> That the District is hereby approved and shall be established within the City as a political subdivision of the State of Missouri, as provided in the Petition filed with the City Clerk on November 30, 2007, a copy of which is attached hereto as <u>Exhibit A</u> and incorporated herein by this reference. The District includes the contiguous tracts of real estate as described in the attached Petition and shown on the map set forth in the attached Petition, and excludes those specific tracts defined in the Petition.

}

Events Center Community Improvement District (CID) Approval of Petition 12/11/07-bl

<u>SECTION 4.</u> That as set forth in the Petition, the District shall be governed by a board of directors consisting of five (5) members, who shall be appointed by the Mayor, with the consent of the City Council.

<u>SECTION 5.</u> That the District's Board of Directors shall have authority to establish a sales tax in an amount not to exceed one percent (1%), as set forth in the Petition and in conformance with the CID Act.

<u>SECTION 6.</u> That the District shall have and possess without limitation, such powers authorized under the CID Act and as set forth or otherwise limited in the Petition.

<u>SECTION 7.</u> That the maximum length of time for the existence of the district shall be thirty five (35) years from the date of adoption of this Ordinance. The petition process must be repeated for the District to continue beyond thirty five (35) years.

<u>SECTION 8.</u> That the City Clerk is hereby directed to prepare and file with the Missouri Department of Economic Development (the "Department") the report specified in subsection 6 of Section 67.1421 of the CID Act, substantially in the form provided by the Department.

<u>SECTION 9.</u> That the City Manager, City Clerk, and any other City official, are hereby authorized to take any action as may be deemed necessary or convenient to carry out and comply with the intent of this Ordinance and to execute and deliver for and on behalf of the City all certificates, instruments or other documents as may be necessary, desirable, convenient or proper to perform all matters herein authorized.

<u>SECTION 10.</u> That it is hereby declared to be the intention of the City Council 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 and that the City Council intends to adopt each said part, section and subsection separately and independently of any other part, section and subsection. 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, 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.

<u>SECTION 11.</u> That this Ordinance shall be in full force and effect from and after the date of its passage by the City Council and approval by the Mayor.

SECTION 12. That this ordinance in the judgment of the Council, is deemed to be of an urgent nature and that its immediate passage is necessary for the preservation of the public peace, property, health, safety and welfare of the residents of the City of Independence and this emergency action is necessary to meet the projected time line involving a number of other parties regarding this important project.

PASSED AS AN EMERGENCY THIS <u>\_20th</u> DAY OF <u>\_December</u>, 2007, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

Presiding Officer of the City Council of the City of Independence, Missouri

ATTEST: Bund Lawring

à

. .

۱.

スワームの

· ; , • . • .

;

. . . . . . . .

Events Center Community Improvement District (CID) Approval of Petition 12/11/07-bl

APPROXED - FORM AND LEGALITY: P City Counselor

REVEWED BY: City Manager

TOTAL P.03

# <u>Exhibit B</u>

CID Sales Tax Documents

#### **RESOLUTION 2008-02**

#### THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

# A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT IMPOSING A ONE PERCENT SALES AND USE TAX TO BE PRESENTED TO THE QUALIFIED VOTERS IN THE DISTRICT FOR THEIR APPROVAL BY SPECIAL ELECTION AND AUTHORIZING OTHER ACTIONS CONSISTENT THEREWITH.

WHEREAS, the Independence Events Center Community Improvement District (the "District"), established on December 20, 2007, by Ordinance No. 16905 of the City Council of the City of Independence, Missouri (the "City"), is a political subdivision of the State of Missouri and is transacting business and exercising powers granted pursuant to the Community Improvement District Act, Sections 67.1401 through 67.1571 of the Revised Statues of Missouri ("RSMo"), as amended (the "CID Act"); and

WHEREAS, Ordinance No. 16905 approved the Petition to the City of Independence, Missouri for the Establishment of the Independence Events Center Community Improvement District (the "Petition"); and

WHEREAS, the District desires to fund, or assist in the funding of the construction, operation and maintenance of public improvements and the provision of district services which may be undertaken by the District under the CID Act; and

WHEREAS, Section 67.1545, RSMo, and the Petition authorize the Board of Directors of the District (the "District Board") to submit a sales and use tax proposal to an election of the qualified voters of the District for the purposes of funding the administration of the District, the public improvements and the district services; and

WHEREAS, the District Board desires to impose, upon approval of the qualified voters of the District, a sales and use tax of up to one percent (1%) on retail sales in the District to the extent authorized by Section 67.1545, RSMo (the "District Sales Tax"), for a period of thirty-five (35) years from the date on which such tax is first imposed for the purposes set forth herein, and to submit to the qualified voters of the District for their approval, a proposal to authorize the District Sales Tax.

NOW THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD AS FOLLOWS:

- 1. That there is imposed, subject to approval by a majority of the votes cast by the qualified voters of the District, a district sales and use tax at the rate of up to one percent (1%) on all retail sales made within the District, which are subject to taxation pursuant to section 144.010 to 144.525, RSMo, except sales of motor vehicles, trailers, boats or outboard motors and sales to public utilities.
- 2. That the District Board approves the submission of the District Sales Tax to the qualified voters of the District for their approval in accordance with Section 67.1545 RSMo, pursuant to the following ballot proposition:

Shall the Independence Events Center Community Improvement District impose a community improvement district-wide sales tax at the maximum rate of one percent (1%) for a period of thirty-five (35) years from the date on which such tax

1

is first imposed for the general purpose of providing revenue to provide assistance to or to acquire real property for and to construct, reconstruct, install, repair, maintain and equip public improvements and provide services authorized under Sections 67.1401 to 67.1571, RSMo, the Missouri Community Improvement District Act, including, but not limited to:

A. A multipurpose events center located at the southeast quadrant of Interstate 70 and Interstate 470;

B. Other public improvements associated with the development of the multipurpose events center, including, but not limited to, internal, collector, and arterial roads and highways (including, but not limited to, new roads and highways, and the realignment, widening, and addition of acceleration, deceleration, and turn lanes to, existing roads and highways), streetscape, curbs, gutters, sidewalks, ramps, benches, lighting, transportation services stops (including sheltered transportation services stops), traffic signals, parking structures and lots, landscaping and other aesthetic improvements, sewer system facilities and infrastructure, water system facilities and infrastructure, water grading and cut and fill;

C. Property acquisition for the public improvements; and

D. District services, including, but not limited to, transportation services?

#### []YES []NO

If you are in favor of the question, place an "X" in the box opposite "YES." If you are opposed to the question, place an "X" in the box opposite "NO."

- 3. That the election, by mail-in ballot, will be conducted by the Jackson County Board of Election Commissioners (the "Election Authority") on February 26, 2008. If a majority of the votes cast by the qualified voters on the proposed District Sales Tax are in favor of the tax, then the resolution is adopted. If a majority of the votes cast by the qualified voters are opposed to the District Sales Tax, then the resolution is void. The District shall pay for any costs for the printing of ballots, as reasonably required by the Election Authority.
- 4. That the Executive Director, or his or her designee, is authorized to coordinate with Gilmore & Bell, P.C. and to take all actions necessary, including filing a petition for late notice to the Election Authority, to notify the Election Authority of the election not later than January 15, 2008, at 5:00 p.m.
- 5. That within 10 days after the qualified voters have approved the imposition of the District Sales Tax, the District shall, in accordance with Section 32.087, RSMo, notify the Director of the Department of Revenue.
- 6. That upon approval of the District Sales Tax by the qualified voters of the District, the District Sales Tax shall become effective on the first day of the second quarter after the Director of the Department of Revenue receives notice of the adoption of the District Sales Tax.

2

- 7. That the District Board shall, and the officers, agents and employees of the District Board are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments, including, without limitation, any agreement with respect to advancement of fees related to the cost of holding the election to authorize the District Sales Tax, as may be necessary or desirable to carry out and comply with the intent of this Resolution.
- 8. That this Resolution shall take effect immediately.

PASSED by the Board of Directors of the Independence Events Center Community Improvement District on January 4, 2008.

Executive Director

#### **RESOLUTION 2008-04**

#### THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

#### A RESOLUTION SETTING THE DISTRICT SALES TAX LEVY AT A RATE OF ONE-HALF OF ONE PERCENT (0.5%) AND AUTHORIZING ACTIONS CONSISTENT THEREWITH.

WHEREAS, the Independence Events Center Community Improvement District (the "District"), established on December 20, 2007, by Ordinance No. 16905 of the City Council of the City of Independence, Missouri (the "City"), is a political subdivision of the State of Missouri and is transacting business and exercising powers granted to it pursuant to the Community Improvement District Act, Sections 67.1401 through 67.1571 of the Revised Statues of Missouri ("RSMo"), as amended (the "CID Act");

WHEREAS, pursuant to the petition to establish the District, District Resolution 2008-02, and Section 67.1545, RSMo, the Board of Directors (the "District Board") authorized submission of a sales and use tax proposal (the "District Sales Tax") to an election of the qualified voters of the District for the purposes of funding the administration of the District, the public improvements and the district services;

WHEREAS, on February 26, 2008, the District held an election and the qualified voters of the District voted to approve the District Sales Tax by a margin of 64 in favor and 18 opposed;

WHEREAS, pursuant to Sections 32.087 and 67.1545, RSMo, the District Board desires to notify the Missouri Department of Revenue of the results of the District Sales Tax election by submitting the notice attached hereto as **Exhibit A** which is incorporated herein;

WHEREAS, the District Sales Tax may be imposed at a rate of up to one percent (1%) for a period of thirty-five (35) years from the date on which such tax is first imposed; and

WHEREAS, the District Board intends to levy the District Sales Tax at a rate of one-half of one percent (0.5%).

NOW THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD AS FOLLOWS:

### Section 1. Setting Levy Rate

)

- a. The District Sales Tax levy is set at a rate of one-half of one percent (0.5%) until adjusted by the District Board.
- b. The District shall provide notice of the District Sales Tax to the Missouri Department of Revenue in substantially the same form as **Exhibit A**.

### Section 2. Immediate Effect

This Resolution shall take effect immediately upon its execution by the Executive Director.

PASSED by the Board of Directors of the Independence Events Center Community Improvement District on March 5, 2008.

Kaufman, Executive Director

#### EXHIBIT A

# FORM OF LETTER TO THE MISSOURI DEPARTMENT OF REVENUE PROVIDING NOTICE OF DISTRICT SALES TAX

# GILMORE & BELL

816-221-1000 FAX: 816-221-1018 WWW.GILMOREBELL.COM

÷

A PROFESSIONAL CORPORATION ATTORNEYS AT LAW 2405 GRAND BOULEVARD, SUITE 1100 KANSAS CITY, MISSOURI 64108-2521

ST. LOUIS, MISSOURI WICHITA, KANSAS LINCOLN, NEBRASKA

March 6, 2008

Missouri Department of Revenue Local Tax Unit P.O. Box 3380 Jefferson City, MO 65105

> Re: Independence Events Center Community Improvement District Notice of sales tax election results

Dear Sir or Madam:

On February 26, 2008, the Independence Events Center Community Improvement District (the "District") held an election to determine whether to impose a sales and use tax (the "District Sales Tax") in the amount of up to 1.00% on retail sales in the District. The qualified voters of the District voted to approve the District Sales Tax by a margin of 64 in favor and 18 opposed. Pursuant to Section 67.1545, this letter shall serve as the District's notification to the Missouri Department of Revenue that the qualified voters of the District approved the imposition of the District Sales Tax.

On March 5, 2008, the District Board of Directors passed Resolution 2008-04 which set the District Sales Tax levy at a rate of one-half of one percent (0.5%).

Enclosed pleased find the following:

- 1. a copy of the resolution that approves imposition of a sales and use tax in the amount of up to 1.00% on all retail sales made in the District, except sales of motor vehicles, trailers, boats or outboard motors, and sales to public entities;
- 2. a map showing the District boundaries;
- 3. copies of the election certification received from the Jackson County Board of Election Commissioners; and
- 4. a copy of the resolution that sets the District Sales Tax levy at a rate of 0.5%.

The attached <u>Schedule 1</u> is a list of all business that are currently operating within the District.

Please direct future correspondence on this issue to my attention at the above address. Thank you.

Sincerely,

Marcus G. Abbott

.

# Enclosures

)

· .)

cc: Larry Kaufman Jim Harlow

# **SCHEDULE 1**

)

)

# LIST OF BUSINESS OPERATING WITHIN THE DISTRICT

# <u>Exhibit C</u>

Meeting Documents

.

## NOTICE

# THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

### **MEETING OF THE BOARD OF DIRECTORS**

PLEASE TAKE NOTICE that a meeting of the Board of Directors of the Independence Events Center Community Improvement District (the "District") will be held at 1:30 p.m., (central daylight time), or as soon as possible thereafter, on January 4, 2008, at City Hall, 111 E. Maple, Independence, Missouri 64050.

A tentative list of matters to be addressed at this meeting include:

1. Oath of Office;

)

- 2. <u>Resolution 2008-01</u>: Authorizing First Actions of the Board to Establish Operations, Administration and Maintenance of the District; and
- 3. <u>Resolution 2008-02</u>: Imposition of Sales Tax to be Presented to Qualified Voters.
- 4. <u>Resolution 2008-03</u>: Approving Cooperative Agreement Between the District and the City of Independence, Missouri.

Notice was posted at City Hall, 111 E. Maple, Independence, Missouri 64050.

## <u>AGENDA</u>

# Meeting of the Board of Directors The Independence Events Center Community Improvement District

#### Date: January 4, 2008

Time: 1:30 p.m., or as soon as possible thereafter

Place: City Hall, 111 E. Maple, Independence, Missouri 64050

#### I. CALL TO ORDER

#### II. <u>NEW BUSINESS</u>

- 1. Administration of Oaths of Office
- 2. <u>Resolution 2008-01</u>: Authorizing First Actions of the Board to Establish Operations, Administration and Maintenance of the District
- 3. <u>Resolution 2008-02</u>: Imposition of Sales Tax to be Presented to Qualified Voters
- 4. <u>Resolution 2008-03</u>: Approving Cooperative Agreement Between the District and the City of Independence, Missouri.

III. OTHER BUSINESS (none scheduled)

# IV. MEETING ADJOURNED

#### THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

# MINUTES OF THE FIRST MEETING OF THE BOARD OF DIRECTORS OF THE DISTRICT

The initial meeting of the Board of Directors (the "**Board**") of the Independence Events Center Community Improvement District (the "**District**") was held on January 4, 2008, commencing at 1:30 p.m. at City Hall, 111 E. Maple, Independence, Missouri 64050, pursuant to notice duly given.

Members of the Board who were physically present at the meeting were Jim Harlow, Larry Kaufman, Stephanie Roush, and Vernon Meckel. Also present at the meeting were Rich Wood and Marc Abbott of Gilmore & Bell, P.C.

Mr. Abbott called the meeting to order and explained that the members of the Board had been appointed by Resolution 07-787 of the City of Independence, Missouri (the "City") in the preceding City Council meeting, as provided in the Petition to establish the District, which was approved by City Ordinance No. 16905.

Members of the Board took written oaths of office, administered by Beverly Lee, Notary Public.

Upon motion duly made, seconded and unanimously carried, Larry Kaufman was elected temporary chairman of the meeting, who instructed Mr. Abbott to conduct the meeting. A simple majority of the Board was present, a quorum was recognized and the meeting was commenced.

Mr. Abbott introduced Resolution 2008-01. Mr. Abbott then explained the need for the following:

- 1. to adopt Bylaws for the management and regulation of the affairs of the District;
- 2. appoint officers to manage the affairs of the District;
- 3. ratify the organization and past actions of the District and to authorize the reimbursement of the costs of formation of the District;
- 4. designate the District's principal place of business;
- 5. appoint qualified counsel to serve as general counsel to the District; and
- 6. to adopt a Sunshine Law Policy to comply with Sections 610.010 through 610.225, Revised Statutes of Missouri, as amended.

The Board discussed nominations for District Officers. Director Meckel nominated Director Kaufman for Chairman and Executive Director. Director Meckel nominated Director Roush for Vice-Chairman. Director Kaufman nominated Director Meckel for Secretary. Director Kaufman nominated Director Harlow for Treasurer. The Board unanimously acknowledged their consent to the nominations.

Director Meckel moved to adopt Resolution 2008-01. Director Roush seconded the motion. Mr. Abbott called for discussion.

#### Discussion:

#### NONE.

Upon completion of the discussion, Mr. Abbott called for a vote. The vote was held and the motion unanimously carried; Resolution 2008-01 was adopted. The Secretary shall file and maintain Resolution 2008-01 in the District's Minute Book.

Mr. Abbott acknowledged the appointment of Director Kaufman as Chairman of the District.

Mr. Abbott introduced Resolution 2008-02. Mr. Abbott then explained the need for the following:

- To fund, or assist in funding, services and the construction, operation and maintenance of 1. public improvements which may be undertaken by the District;
- To impose a sales and use tax ("District Sales Tax") within the District as authorized by 2. the Act and contemplated by the Petition filed for the formation of the District;
- To submit a one percent (1.00%) sales and use tax proposal on District retail sales for a 3. period of thirty-five (35) years to an election of qualified District voters, by mail ballot election:

Director Harlow moved to adopt Resolution 2008-02. Director Roush seconded the motion. Mr. Abbott called for discussion.

Discussion Notes:

NONE.

Upon completion of the discussion, Mr. Abbott called for a vote. The vote was held and the motion unanimously carried; Resolution 2008-02 was adopted. The Secretary shall file and maintain Resolution 2008-02 in the District's Minute Book.

Mr. Abbott introduced Resolution 2008-03. Mr. Abbott then explained the need for a cooperative agreement between the District and the City to address the following:

For the City perform, or assist the District in performing, various functions relating to the administration and operation of the District and the collection and enforcement of the District Sales Tax.

Director Roush moved to adopt Resolution 2008-03. Director Harlow seconded the motion. Mr. Abbott called for discussion.

Discussion Notes:

NONE.

Upon completion of the discussion, Mr. Abbott called for a vote. The vote was held and the motion unanimously carried; Resolution 2008-03 was adopted. The Secretary shall file and maintain Resolution 2008-03 in the District's Minute Book.

There being no other business to come before the meeting, Director Harlow made a motion to adjourn the meeting, which was seconded by Director Meckel. A vote was held, the motion carried and the meeting was adjourned.

Respectfully submitted,

mechel

Vernon Meckel, Secretary

## **NOTICE**

# THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

# **MEETING OF THE BOARD OF DIRECTORS**

PLEASE TAKE NOTICE that a meeting of the Board of Directors of the Independence Events Center Community Improvement District (the "District") will be held at 1:30 p.m., (central daylight time), or as soon as possible thereafter, on March 5, 2008, at Conference Room A, City Hall, 111 E. Maple, Independence, Missouri 64050.

A tentative list of matters to be addressed at this meeting include:

- 1. Administration of Oath of Office to Tom Thomas
- 2. <u>Resolution 2008-04</u>: Setting the District Sales Tax Rate at One-Half of One Percent (0.5%)
- 3. <u>Resolution 2008-05</u>: Authorizing Purchase of Insurance to Provide Coverage for General Liability, Errors and Omissions and Other Risks
- 4. <u>Resolution 2008-06</u>: Authorizing the Opening of District Bank Accounts

Notice was posted at City Hall, 111 E. Maple, Independence, Missouri 64050.

)

#### **AGENDA**

## Meeting of the Board of Directors The Independence Events Center Community Improvement District

Date: March 5, 2008

Time: 1:30 p.m., or as soon as possible thereafter

Place: Conference Room A, City Hall, 111 E. Maple, Independence, Missouri 64050

# I. CALL TO ORDER

# II. <u>APPROVAL OF MINUTES</u>

## III. <u>NEW BUSINESS</u>

- 1. Administration of Oath of Office to Tom Thomas
- 2. <u>Resolution 2008-04</u>: Setting the District Sales Tax Rate at One-Half of One Percent (0.5%)
- 3. <u>Resolution 2008-05</u>: Authorizing Purchase of Insurance to Provide Coverage for General Liability, Errors and Omissions and Other Risks
- 4. <u>Resolution 2008-06</u>: Authorizing the Opening of District Bank Accounts

## IV. <u>OTHER BUSINESS</u> (none scheduled)

# V. <u>MEETING ADJOURNED</u>

'n.

#### THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

# MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF THE DISTRICT

A meeting of the Board of Directors (the "**Board**") of the Independence Events Center Community Improvement District (the "**District**") was held on March 5, 2008, commencing at 1:36 p.m. at Conference Room A, City Hall, 111 E. Maple, Independence, Missouri 64050, pursuant to notice duly given.

Members of the Board who were physically present at the meeting were Jim Harlow, Larry Kaufman, Stephanie Roush, Vernon Meckel, and Tom Thomas. Also present at the meeting were Rich Wood and Marc Abbott of Gilmore & Bell, P.C.

Chairman Kaufman called the meeting to order and proceeded to conduct the meeting. A simple majority of the Board was present, a quorum was recognized and the meeting was commenced.

Tom Thomas took a written oath of office, administered by Mr. Abbott, Notary Public.

#### Resolution 2008-04

Chairman Kaufman introduced Resolution 2008-04 and explained the need to set the District sales tax levy at a rate of one-half of one percent (0.5%), and also to notify the Missouri Department of Revenue of the results of the District sales tax election held on February 26, 2008. Chairman Kaufman called for discussion.

#### Discussion:

Directors Meckel and Thomas stated the resolution does not contain reference to the plan to impose the sales tax at a rate of 0.5% for 20 years, and then at 0.625% for 15 years. Mr. Abbott explained that the petition set forth the sales tax rate plan and the resolution only contains the action the Board is taking at present; setting the sales tax rate levy at 0.5%. Anticipated changes to the sales tax rate in the future are purposely not included in the resolution. As proposed by Director Roush, the Board reiterated its intent to impose the sales tax at a rate of 0.5% for 20 years, and then at 0.625% for 15 years.

Upon completion of the discussion, Director Roush moved to adopt Resolution 2008-04. Director Thomas seconded the motion. Chairman Kaufman called for a vote. The vote was held and the motion unanimously carried; Resolution 2008-04 was adopted. The Secretary shall file and maintain Resolution 2008-04 in the District's Minute Book.

#### Resolution 2008-05

Chairman Kaufman introduced Resolution 2008-05 and explained the need for the District to purchase insurance for the District. Such insurance will include coverage for general liability, errors and omissions, and other risks. Chairman Kaufman called for discussion.

#### **Discussion Notes:**

The Board discussed which deductible limit to select. Director Thomas suggested the potential savings between the \$10,000 deductible and the \$25,000 may be disproportionate to the potential cost. Director Harlow presented several calculations of the cost per deductible ratio at each deductible level. Director Thomas inquired as to the \$2 million policy limit. Mr. Abbott explained that prior research shows MOPERM to provide the most cost effective option for insurance. Mr. Abbott stated the MOPERM policy quotation does not contain coverage for operation of the Indebus system and Director Harlow stated that coverage would be modified accordingly if the District took an active role in such operation.

Upon completion of the discussion, Director Harlow moved to adopt Resolution 2008-05. Director Roush seconded the motion. Chairman Kaufman called for a vote. The vote was held and the motion unanimously carried; Resolution 2008-05 was adopted. The Secretary shall file and maintain Resolution 2008-05 in the District's Minute Book.

#### Resolution 2008-06

Chairman Kaufman introduced Resolution 2008-06 and explained the need for the District to open one or more bank accounts. Chairman Kaufman called for discussion.

#### **Discussion Notes:**

Director Harlow stated that UMB was selected as the District's bank for several reasons, one of which being convenience. Chairman Kaufman stated that as Director Thomas is affiliated with the Blue Ridge Bank & Trust, UMB was selected in order to avoid any potential conflict of interest claim.

Upon completion of the discussion, Director Harlow moved to adopt Resolution 2008-06. Director Thomas seconded the motion. Chairman Kaufman called for a vote. The vote was held and the motion unanimously carried; Resolution 2008-06 was adopted. The Secretary shall file and maintain Resolution 2008-06 in the District's Minute Book.

#### **Other Business**

Mr. Abbott presented to the Board the certified results of the sales tax election. Directors Thomas and Harlow discussed generally the structure of the agreements to be entered into by the City of Independence and the Global Properties family of companies.

There being no other business to come before the meeting, Chairman Kaufman adjourned the meeting.

Respectfully submitted,

Vernon Meckel, Secretary

# <u>Exhibit D</u>

Cooperative Agreement Documents

.

#### **RESOLUTION 2008-03**

#### INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT

# A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT APPROVING THE COOPERATIVE AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF INDEPENDENCE, MISSOURI.

WHEREAS, the Independence Events Center Community Improvement District (the "District"), which was created on December 19, 2007, by Ordinance No. 16905 of the City of Independence, Missouri (the "City"), is a political subdivision of the State of Missouri and is transacting business and exercising powers granted to it pursuant to the Community Improvement District Act, Sections 67.1401 through 67.1571, RSMo (collectively, the "CID Act"); and

WHEREAS, the Board of Directors of the District desires to enter into a cooperative agreement with the City to provide for the disbursement of District sales tax revenue and for the efficient administration and operation of the District.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT, AS FOLLOWS:

- 1. The Cooperative Agreement in substantially the same form as attached hereto as **Exhibit A** is hereby approved and the Executive Director of the District is authorized and directed to execute the Cooperative Agreement on behalf of the District.
- 2. This Resolution shall take effect immediately.

PASSED by the Board of Directors of the Independence Events Center Community Improvement District on January 4, 2008.

1

Executive Director

# Exhibit A

# Cooperative Agreement between the City of Independence, Missouri and the Independence Events Center Community Improvement District

See Attached

(see Document No. 9)

.

# TRUSTEE'S CLOSING CERTIFICATE

#### **MISSOURI DEVELOPMENT FINANCE BOARD**

# \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

The undersigned, Commerce Bank, N.A., Kansas City, Missouri, as Trustee (the "Trustee") under the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") by and between the Trustee and the Missouri Development Finance Board (the "Board"), authorizing the issuance of the above series of bonds (the "Bonds"), of the Board, does hereby certify as follows:

1. **Power and Authority of Trustee.** The Trustee is a national banking association duly organized and existing under the laws of the United States of America, is authorized and empowered to execute and deliver the Indenture and has full power and authority to act as Trustee and Paying Agent as provided in the Indenture.

2. Execution of Indenture and Tax Compliance Agreement. The Indenture and the Tax Compliance Agreement dated as of April 1, 2008, by and among the Board, the City of Independence, Missouri and the Trustee has been duly executed on behalf of the Trustee and its corporate seal affixed thereto and attested by the persons executing this Certificate, and each of said persons was at the time of the execution of said document and now is the duly elected or appointed, qualified and acting incumbent of his or her respective office.

3. Receipt of Documents. The Trustee hereby acknowledges receipt of the documents specified in Section 202 of the Indenture, which are required to be filed with the Trustee prior to or simultaneously with the delivery of the Bonds and the Board's Closing Certificate and Instructions to the Trustee delivered at the time of closing of the Bonds and contained in the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

4. Authentication of Bonds. In accordance with the written request and authorization of the Board, prior to the delivery of the Bonds, the Certificate of Authentication on the Bonds so delivered was signed on behalf of the Trustee by a person, who was at the time of the authentication of the Bonds and still is at the date hereof, a qualified and acting signatory of the Trustee.

5. **Delivery of Bonds.** At the written request and authorization of the Board the Trustee has on this date the principal amount of the Bonds set forth above to the order of Piper Jaffray & Co., the original purchaser of the Bonds (the "Underwriter").

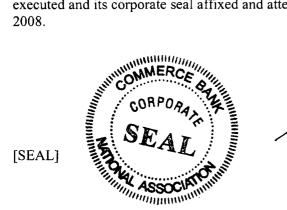
6. Receipt of Purchase Price of the Bonds. The Trustee on this date received on behalf of the Board from the Underwriter, the purchase price of the Bonds as follows:

| Principal Amount                 | \$12,325,000.00 |
|----------------------------------|-----------------|
| Less Net Original Issue Discount | 142,204.25      |
| Less Underwriter's Discount      | 184,875.00      |
| Accrued Interest                 | 3,700.97        |
| Total                            | \$12,001,621.72 |

7. **Deposit of Bond Proceeds.** The Trustee on this date has deposited the purchase price of the Bonds as required by the Indenture.

8. Authorization of Officers. The officers and signatories of the Trustee identified in paragraphs (2) and (4) hereof were at the time of the acts above-mentioned, and are at the date hereof, qualified and acting signatories of the Trustee and duly authorized to perform the acts specified in such paragraphs.

**IN WITNESS WHEREOF,** Commerce Bank, N.A., as Trustee, has caused this certificate to be executed and its corporate seal affixed and attested by its duly authorized officers this  $3^{cd}$  day of April, 2008.



COMMERCE BANK, N.A., as Trustee

B١ Name: RR VANS F RESIDENT Title:

ATTEST:

Name: WILLIAM EKEY. Title: ASSISTANT SECRETARY

### UNDERWRITER'S RECEIPT FOR BONDS AND CLOSING CERTIFICATE

#### MISSOURI DEVELOPMENT FINANCE BOARD

# \$12,325,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Events Center Project) Series 2008D

The undersigned, the underwriter of the above-referenced bonds (the "Underwriter") hereby certifies, represents, warrants and agrees as follows:

Capitalized terms not defined herein shall have the meanings set forth in the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") by and between the Missouri Development Finance Board (the "Board") and Commerce Bank, N.A., as trustee (the "Trustee").

1. Receipt for Bonds. We hereby acknowledge receipt on the date hereof from the Board of the above-described Bonds (the "Bonds"), in the principal amount of \$12,325,000, said Bonds consisting of fully registered Bond numbered consecutively upward by series in the initial denominations of \$5,000 or any integral multiple thereof dated as of the date hereof, issued under the Indenture. We have confirmed that said Bonds have been credited to our account at The Depository Trust Company.

2. Public Offering. All of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of purchasers or wholesalers), at prices no higher than those shown on the inside cover page of the Official Statement, plus accrued interest. On the basis of information available to us which we believe to be correct, we expect that at least 10 percent of the Bonds of each maturity will be sold to the public at initial offering prices no higher than said offering prices. The yield or price information shown on the inside cover page of the Official Statement is true and correct. The aggregate offering price of the Bonds is \$12,182,795.75, plus accrued interest.

3. Debt Service Reserve Fund. The funding of the Debt Service Reserve Fund securing the Bonds in an amount equal to the Debt Service Reserve Requirement was an essential factor in marketing the Bonds, and facilitates the marketing of the Bonds at an interest rate comparable to that of other bond issues of a similar type. The amount being deposited in the Debt Service Reserve Fund does not exceed the least of (a) 10% of the proceeds of the Bonds, (b) the maximum annual debt service on the Bonds, or (c) 125% of the average annual debt service on the Bonds.

This certificate may be relied upon by the Board in executing and delivering the Tax Compliance Agreement, and by Gilmore & Bell, P.C., Bond Counsel, in rendering their opinions relating to the exclusion from federal gross income of the interest on the Bonds.

# DATED: April 3, 2008.

# PIPER JAFFRAY & CO.

By: \_\_\_\_ Name: Title: Dennis V. Mitchell Managing Director

-2-

# PiperJaffray.

## **CLOSING MEMORANDUM**

| To:   | Distribution List   |
|-------|---|
| From: | Dennis Mitchell   |
| Date: | March 18, 2008  |
| Re:   | Missouri Development Finance Board<br>Infrastructure Facilities Revenue Bonds<br>(City of Independence, Missouri ~ Events Center Project)<br>Series 2008D |

The closing for the above-referenced issues has been scheduled for Thursday, April 3, 2008 at the offices of Gilmore & Bell, P.C., 2405 Grand Boulevard, Suite 1100, Kansas City, Missouri, Bond Counsel on this transaction.

Copies of the final official statement will have been delivered to the Underwriter and the Distribution List by Tuesday, March 25, 2008.

Bond Counsel will arrange to have the Bonds shipped to Commerce Bank, N.A., Trustee/Registrar/Paying Agent not later than Friday, March 28, 2008. The Bonds will be retained by the paying agent under the FAST delivery system.

The closing will be initiated by the wiring of the Purchase Price in Fed Funds by the Underwriter, calculated as follows:

| Original Principal Amount of Bonds<br>Less Underwriter's Discount | \$12,325,000.00<br>(184,875.00) |
|---|---------------------------------|
| Plus Reoffering Premium(Net or<br>Discount)                       | (142,204.25)                    |
| Plus Accrued Interest from 04/01/08                               | <u>3,700.97</u>                 |
| Net Funds Required on 04/03/08                                    | <u>\$12,001,621.72</u>          |

#### CLOSING MEMORANDUM MDFB - City of Independence, Missouri Page 2

On the morning of closing, Piper Jaffray & Co. shall initiate an electronic transfer in the amount of \$12,001,621.72 to Commerce Bank, n.a., as follows:

| Wire To:         | Commerce Bank, n.a., Kansas City, Missouri |
|------------------|--|
| ABA #:           | 1010-0001-9                                |
| Credit Trust G/L | #1991400781                                |
| FBO:             | City of Independence                       |
| Attn:            | Teresa Dolson, Ext 2775                    |

A representative of the Bank should call Rick McConnell (816/221-1000) immediately upon receipt of the wire.

Upon confirmation that the wire transfer has been received and that other required activities have been completed, Bond Counsel will inform the Trustee that he is prepared to close. The Trustee will then call Tony Scheuring, Piper Jaffray Trade Settlement @ 612-303-7002 who in turn will conference in DTC to confirm the closing and the release of the Bonds to Piper's Account. The Trustee will then notify the City, MDFB and Dennis Mitchell that the issue has closed.

The City and the Trustee will deposit the funds pursuant to the Bond Trust Indentures.

From the Costs of Issuance Accounts, pursuant to directions received from the City, the Trustee will wire transfer the Missouri Development Finance Board Fee of \$30,812.50 to Central Bank, ABA #086500634 (P.O. Box 779, Jefferson City, Missouri, 65102), for the account of Missouri Development Finance Board, Account #6-0371-6.

Invoices for other costs must be received by the City by March 28, 2008 for payment at closing.

Because of the redelivery requirements of the Depository Trust Company, it is imperative that the above activities be completed no later than 11:30 a.m. Central Daylight Time, on April 3, 2008.

Anyone with questions, corrections or revisions should immediately notify Dennis V. Mitchell at Piper Jaffray (913/345-3372). Thank you for your assistance on this issue. If you have any questions or comments, please contact me as soon as possible.

#### UCC FINANCING STATEMENT

| FOLLOW INSTRUCTIONS CAREFULLY                  |                |
|--|----------------|
| A. NAME & PHONE OF CONTACT AT FILER [optional] |                |
| Smart, Delia                                   | (816) 221-1000 |
| B. SEND ACKNOWLEDGMENT TO: (Name and Address)  | )              |
| Gilmore & Bell, P. C.                          |                |
| 2405 Grand Blvd., Suite 1100                   |                |
| Kansas City MO 64108                           |                |
| EMail: dsmart@gilmorebell.com                  |                |
| -  |                |
|  |                |

#### THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

#### 1. DEBTOR'S EXACT FULL LEGAL NAME

| 1a. O                         | RGANIZATION'S NAME              |                                  |             |                        |         |
|-------------------------------|---------------------------------|----------------------------------|-------------|------------------------|---------|
| Mise                          | souri Development Finance Board |                                  |             |                        |         |
| DR 1b. INDIVIDUAL'S LAST NAME |                                 | FIRST NAME                       | MIDDLE NAME |                        | SUFFIX  |
| 1c. MAILIN<br>PO Box          | IG ADDRESS<br>567               | CITY<br>Jefferson City           | STATE<br>MO | POSTAL CODE            | COUNTRY |
|                               | 1e. TYPE OF ORGANIZATION        | 1f. JURISDICTION OF ORGANIZATION | 1g. OR      | I<br>Ganizational ID # | I       |
|                               | Statutory Authority             | Missouri                         | None        |                        | 🗌 Non   |
| 1. SECUR                      | ED PARTY'S NAME                 |                                  |             |                        |         |
| 2a. O                         | RGANIZATION'S NAME              |                                  |             |                        |         |
| OR Com                        | imerce Bank, N.A., as Trustee   |                                  |             |                        |         |
|                               |                                 | SID OT NAME                      |             |                        |         |

| 922 Walnut, 10th Floor     | Kansas City | MO     | 64106       | USA     |
|----------------------------|-------------|--------|-------------|---------|
| 2c. MAILING ADDRESS        | СПТҮ        | STATE  | POSTAL CODE | COUNTRY |
| 2b. INDIVIDUAL'S LAST NAME | FIRSTNAME   | MIDDLE | NAME        | SUFFIX  |

This FINANCING STATEMENT covers the following collateral:

All property included in the Trust Estate for the Series 2008D Bonds under that certain Bond Trust Indenture dated as of April 1, 2008, between Debtor and Secured Party, as the same may be amended from time to time, and products and proceeds thereof, including without limitation accounts, general intangibles, investment property, chattel paper, deposit accounts and instruments.

| 5. ALTERNATE NAME DESIGNATION    | LESSEE/LESSOR                       | CONSIGNEE/CONSIGNOR             | BAILEE/BAILOR | SELLER/BUYER | AG LIEN NON-UCC |
|----------------------------------|-------------------------------------|---------------------------------|---------------|--------------|-----------------|
| 6 This FINANCING STATEMENT IS    | to be filed[for record] (or record) | ad) int the REAL ESTATE RECORDS |               |              |                 |
| 8. OPTIONAL FILER REFERENCE DATA |                                     |                                 |               |              |                 |
| 600458.017 MDFB/Indy 200         | )8D 600458.017                      |                                 |               |              |                 |

# æ

### Blanket Issuer Letter of Representations [To be Completed by Issuer]

## MISSOURI DEVELOPMENT FINANCE BOARD

[Nume of Issuer]

August 2, 1995

[Dute]

Attention: Underwriting Department — Eligibility The Depository Trust Company 55 Water Street; 50th Floor New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

#### Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting bookentry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

B

Very truly yours,

MISSOURI DEVELOPMENT FINANCE BOARD

|                                   | (Issuer)                         |
|-----------------------------------|----------------------------------|
| By:<br>Name:<br>Title:<br>Address |                                  |
|                                   | Jefferson City, Missouri 65101   |
| Phone:<br>Fax:                    | (314) 751-8479<br>(314) 526-4418 |

#### (To Blanket Issuer Letter of Representations)

#### SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

#### (Prepared by DTC---bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

**3.** Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue 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 Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or 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 Issuer or 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. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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

## Commerce Bank, N.A.

P.O. Box 419248 Kansas City, MO 64141-6248 (816) 234-2000

October 19, 1995

The Depository Trust Company Mr. Vincent A. Mauro Vice President 55 Water Street - 19th Floor New York, NY 10041

#### Re: Operational Arrangements Letter of Representations

Dear Mr. Mauro:

From time to time, this organization may be appointed as a trustee, paying agent, transfer agent, or an agent in some other capacity for securities issued that DTC will be requested to make eligible for its services. The undersigned confirms that when this organization acts in one of these capacities for any such issues, it hereby represents that, to the extent within its control, it will comply with the requirements stated in the DTC Operational Arrangements memorandum dated December 12, 1994, as they may be amended from time to time.

Commerce Bank, N. A.

William E. Ekey Vice President

Address: <u>922 Walnut</u> 6th Floor (TH

| nuureba. | <u>JEE</u> HUIMUC     |
|----------|-----------------------|
|          | 6th Floor (TBMZ-6)    |
|          | Kansas City, MO 64106 |
| Phone:   | (816) 234-2102        |
| Fax:     | (816) 234-2562        |
|          |                       |

STANDARD &POOR'S 130 East Randolph Street Suite 2900 Chicago, IL 60601 tel 312 233-7001 reference no.: 889373

March 4, 2008

City of Independence 111 East Maple Independence, MO 64050 Attention: Mr. James C. Harlow, Director of Finance & Administration

## Re: US\$17,645,000 Missouri Development Finance Board, Infrastructure Facilities Revenue Bonds (City of Independence - Events Center Project), Series 2008D, dated: April 1, 2008, due: October 1, 2009 - April 1, 2038

Dear Mr. Harlow:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "A+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial Mr. James C. Harlow Page 2 March 4, 2008

information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services Public Finance Department 55 Water Street New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at <u>www.standardandpoors.com</u>. If we can be of help in any other way, please call or contact us at <u>nypublicfinance@standardandpoors.com</u>. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services a division of The McGraw-Hill Companies, Inc.

Stalmal & Timm / gon

gc enclosures cc: Mr. David W. Queen Mr. Dennis V. Mitchell Mr. Robert V. Miserez

# PUBLIC FINANCE

# STANDARD &POOR'S

## Missouri Development Finance Board Independence

## Credit Profile

| US\$17.645 mil infrastructure facs rev bnds (Independence) (Events Ctr Proj) ser 2008D dtd |                                |                  |  |  |
|--|--------------------------------|------------------|--|--|
| 04/01/2008 due 04/01/2038  |                                |                  |  |  |
| Long Term Rating   | A+/Stable                      | New              |  |  |
| US\$1.19 mil infrastructure facs rev bnds (Independence) ser 2008E dtd 04/01/2008 due      |                                |                  |  |  |
| 04/01/2022   |                                |                  |  |  |
| Long Term Rating   | A+/Stable                      | New              |  |  |
| Independence ICR   |                                |                  |  |  |
| Long Term Rating   | AA-/Stable                     | Affirmed         |  |  |
| Missouri Dev Fin Brd, Missouri   |                                |                  |  |  |
| Independence, Missouri   |                                |                  |  |  |
| Missouri Dev Fin Brd (Indepen  | dence) infrastructure facs rev | v bnds ser 2008C |  |  |
| Long Term Rating   | A+/Stable                      | Affirmed         |  |  |

#### Rationale

The 'A+' rating on Missouri Development Finance Board's series 2008D and 2008E infrastructure facilities revenue bonds, issued for the city of Independence, reflects the city's pledge to pay debt service in the form of loan payments to the issuer through financing agreements, subject to annual appropriation.

The 'AA-' issuer credit rating (ICR) on the city reflects its:

Participation in the diverse Kansas City, Mo. MSA economy;

Primary Credit Analysts: John Kenward Chicago (1) 312-233-7003 john\_kenward@

standardandpoors.com Secondary Credit Analysts: Corey Friedman Chicago (1) 312-233-7010 corey\_friedman@ standardandpoors.com

RatingsDirect Publication Date March 6, 2008

- Growing sales tax base as redevelopment efforts bring more retail establishments into the city;
- Average income and moderate wealth levels;
- Satisfactory financial operations, with additional liquidity available in the enterprise funds; and
- Moderate debt burden.

An offsetting factor is the city's reliance on sales taxes, which can be a volatile revenue source in some years, to fund much of its operations and debt service.

The city will use proceeds from the series 2008D bonds to start the construction of a multipurpose events center and proceeds from the series 2008E bonds for infrastructure projects within the Drumm Farm redevelopment project area. The city plans to pay debt service on the series 2008D bonds and on the additional bonds to be issued to complete the events center project from the proceeds of a .community improvement district sales tax approved by property owners within the district in February 2008. The city plans to pay debt service on the series 2008E bonds from incremental tax revenues generated by the Drumm Farm project area.

Independence is located immediately to the east of Kansas City, Mo. With a population estimated at 109,400 by the U.S. Census Bureau, Independence is the state's fourth-largest city. Residents have access to a wide variety of job opportunities throughout the metropolitan area. The city's unemployment rate averaged 5.3% for 2006, exceeding the state and national levels of 4.8% and 4.6%, respectively. The city's median household effective buying income in 2006 was 91%—nearly on par with the state level, but below the national average. The city's assessed value grew an average of 5.9% annually from 2002-2007, increasing estimated market value to \$6.1 billion, which equates to a moderate \$55,900 per capita.

The city's development efforts in recent years have resulted in the construction of 2.5 million square feet of commercial space surrounding the intersection of Interstates 70 and 470, and more is underway. The opening of the Bass Pro World store in early 2008 has positioned the city as a regional retail center for the entire metropolitan area. Retail sales per capita were above average in 2006, at 106% of the national level.

The city relies on sales taxes for a large part of its general fund operations, as well as for debt service and capital expenditures. For the fiscal year ended June 30, 2007, sales and use taxes provided 32% of general fund revenues and transfers. The city reported a \$1 million general fund shortfall for 2007, which reduced the general fund balance to \$6.7 million, or a below-average 10% of expenditures. Of that amount, \$4.5 million (7%) was unreserved. The shortfall in 2007 was primarily due to flat sales tax revenues and increased public safety operating costs. General fund cash and investments dropped to \$1.8 million in 2007 from \$3.7 million in 2006.

Total governmental funds cash increased \$2.7 million, to \$25.3 million, in 2007, with most of this cash held in various sales tax funds dedicated to special purposes. The city also holds a large amount of unrestricted cash and investments in its enterprise funds, which totaled \$39.9 million at the end of fiscal 2007 and which are available for long-term intrafund borrowing by the general fund. The budget for 2008 calls for breakeven general fund operations.

Independence's financial management practices are considered "good" under Standard & Poor's Ratings Services' Financial Management Assessment (FMA). An FMA of "good" indicates that practices exist in most areas, although not all may be formalized or regularly monitored by governance officials. Although the city has no GO debt at this time, it has issued a number of bonds, backed by its annual appropriation pledge, for redevelopment projects. The city's overall debt burden (including overlapping debt but excluding bonds supported by utility revenues) is above average, at \$2,890 per capita and 4.8% of market value, including incremental market value associated with the city's tax increment financing districts. Debt service carrying charges were a moderate 13% of total governmental funds expenditures, excluding capital outlays, in 2006.

Future debt plans include \$49.72 million in additional bonds for the events center, to be issued in 2008 and 2009; another \$6 million for additional improvements at the Crackerneck Creek project area and up to \$20 million in additional appropriation-backed bonds for roads and other infrastructure improvements in connection with the recent opening of a new hospital.

#### Outlook

The stable outlook reflects Standard & Poor's Ratings Services' expectation that Independence will maintain sound financial operations and adequate reserves as its sales tax base continues to grow. The city's accessibility to the rest of the Kansas City metropolitan area, which encourages retail development in the city supports the outlook.

Published by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. Executive offices: 1221 Avenue of the Americas, New York, NY 10020. Editorial offices: 55 Water Street, New York, NY 10041. Subscriber services: (1) 212-438-7280. Copyright 2008 by The McGraw-Hill Companies, Inc. Reproduction in whole or in part prohibited except by permission. All rights reserved. Information has been obtained by Standard & Poor's from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources. Standard & Poor's or others, Standard & Poor's does not guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. Ratings are statements of opinion, not statements of fact or recommendations to buy, hold, or sell any securities.

Standard & Poor's uses billing and contact data collected from subscribers for billing and order fulfillment purposes, and occasionally to inform subscribers about products or services from Standard & Poor's, our parent, The McGraw-Hill Companies, and reputable third parties that may be of interest to them. All subscriber billing and contact data collected is stored in a secure database in the U.S. and access is limited to authorized persons. If you would prefer not to have your information used as outlined in this notice, if you wish to review your information for accuracy, or for more information on our privacy practices, please call us at (1) 212-438-7280 or write us at: privacy@standardandpoors.com. For more information about The McGraw-Hill Companies Privacy Policy please visit www.mcgraw-hill.com/privacy.html.

Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. Credit ratings issued by Ratings Services are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of credit ratings issued by Ratings Services should not rely on any such ratings or other opinion issued by Ratings Services in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or by the underwriters participating in the distribution thereof. The fees generally vary from US\$2,000 to over US\$1,500,000. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications.

Permissions: To reprint, translate, or quote Standard & Poor's publications, contact: Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-9823; or by e-mail to: research\_request@standardandpoors.com.

The McCrow HIII Companies



#### Standard & Poor's Ratings Services Terms and Conditions Applicable To U.S. Public Finance Ratings

<u>Request for a rating.</u> Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

<u>Agreement to Accept Terms and Conditions</u>. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

<u>Fees and expenses.</u> In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

<u>Scope of Rating</u>. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

<u>Publication</u>. Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

<u>Information to be Provided by the Issuer/obligor</u>. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of

information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

<u>Term</u>. This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Standard & Poor's Not an Advisor, Fiduciary, or Expert" and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

<u>Third Parties</u>. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

<u>Severability</u>. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

<u>Complete Agreement</u>. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

<u>Governing Law</u>. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

# **STANDARD** &POOR'S

# RatingsDirec

March 6, 2008

# Summary: Missouri Development Finance Board Independence; General Obligation; General Obligation Equivalent Security

#### **Primary Credit Analyst:**

John Kenward, Chicago (1) 312-233-7003; john\_kenward@standardandpoors.com

#### Secondary Credit Analyst:

Corey Friedman, Chicago (1) 312-233-7010; corey\_friedman@standardandpoors.com

## **Table Of Contents**

#### Rationale

Outlook

#### www.standardandpoors.com/ratingsdirect

# Summary: Missouri Development Finance Board Independence; General Obligation; General Obligation Equivalent Security

| Gernardie                                       |  |                   |
|---|--|-------------------|
| US\$17.645 mil infrastructure facs rev bnds (Ir | dependence) (Events Ctr Proj) ser 2008D dtd 04/01/20 | 08 due 04/01/2038 |
| Long Term Rating                                | A+/Stable  | New               |
| US\$1.19 mil infrastructure facs rev bnds (Inde | pendence) ser 2008E dtd 04/01/2008 due 04/01/2022    |                   |
| Long Term Rating                                | A+/Stable  | New               |
| Independence ICR                                |  |                   |
| Long Term Rating                                | AA-/Stable   | Affirmed          |
| Missouri Dev Fin Brd, Missouri                  |  |                   |
| Independence, Missouri                          |  |                   |
| Missouri Dev Fin Brd (Independence) infrastru   | cture facs rev bnds ser 2008C                        |                   |
| Long Term Rating                                | A+/Stable  | Affirmed          |

## Rationale

The 'A+' rating on Missouri Development Finance Board's series 2008D and 2008E infrastructure facilities revenue bonds, issued for the city of Independence, reflects the city's pledge to pay debt service in the form of loan payments to the issuer through financing agreements, subject to annual appropriation.

The 'AA-' issuer credit rating (ICR) on the city reflects its:

- Participation in the diverse Kansas City, Mo. MSA economy;
- Growing sales tax base as redevelopment efforts bring more retail establishments into the city;
- Average income and moderate wealth levels;
- Satisfactory financial operations, with additional liquidity available in the enterprise funds; and
- Moderate debt burden.

An offsetting factor is the city's reliance on sales taxes, which can be a volatile revenue source in some years, to fund much of its operations and debt service.

The city will use proceeds from the series 2008D bonds to start the construction of a multipurpose events center and proceeds from the series 2008E bonds for infrastructure projects within the Drumm Farm redevelopment project area. The city plans to pay debt service on the series 2008D bonds and on the additional bonds to be issued to complete the events center project from the proceeds of a community improvement district sales tax approved by property owners within the district in February 2008. The city plans to pay debt service on the series 2008E bonds from incremental tax revenues generated by the Drumm Farm project area.

Independence is located immediately to the east of Kansas City, Mo. With a population estimated at 109,400 by the

# Summary: Missouri Development Finance Board Independence; General Obligation; General Obligation Equivalent Security

U.S. Census Bureau, Independence is the state's fourth-largest city. Residents have access to a wide variety of job opportunities throughout the metropolitan area. The city's unemployment rate averaged 5.3% for 2006, exceeding the state and national levels of 4.8% and 4.6%, respectively. The city's median household effective buying income in 2006 was 91%--nearly on par with the state level, but below the national average. The city's assessed value grew an average of 5.9% annually from 2002-2007, increasing estimated market value to \$6.1 billion, which equates to a moderate \$55,900 per capita.

The city's development efforts in recent years have resulted in the construction of 2.5 million square feet of commercial space surrounding the intersection of Interstates 70 and 470, and more is underway. The opening of the Bass Pro World store in early 2008 has positioned the city as a regional retail center for the entire metropolitan area. Retail sales per capita were above average in 2006, at 106% of the national level.

The city relies on sales taxes for a large part of its general fund operations, as well as for debt service and capital expenditures. For the fiscal year ended June 30, 2007, sales and use taxes provided 32% of general fund revenues and transfers. The city reported a \$1 million general fund shortfall for 2007, which reduced the general fund balance to \$6.7 million, or a below-average 10% of expenditures. Of that amount, \$4.5 million (7%) was unreserved. The shortfall in 2007 was primarily due to flat sales tax revenues and increased public safety operating costs. General fund cash and investments dropped to \$1.8 million in 2007 from \$3.7 million in 2006.

Total governmental funds cash increased \$2.7 million, to \$25.3 million, in 2007, with most of this cash held in various sales tax funds dedicated to special purposes. The city also holds a large amount of unrestricted cash and investments in its enterprise funds, which totaled \$39.9 million at the end of fiscal 2007 and which are available for long-term intrafund borrowing by the general fund. The budget for 2008 calls for breakeven general fund operations.

Independence's financial management practices are considered "good" under Standard & Poor's Ratings Services' Financial Management Assessment (FMA). An FMA of "good" indicates that practices exist in most areas, although not all may be formalized or regularly monitored by governance officials.

Although the city has no GO debt at this time, it has issued a number of bonds, backed by its annual appropriation pledge, for redevelopment projects. The city's overall debt burden (including overlapping debt but excluding bonds supported by utility revenues) is above average, at \$2,890 per capita and 4.8% of market value, including incremental market value associated with the city's tax increment financing districts. Debt service carrying charges were a moderate 13% of total governmental funds expenditures, excluding capital outlays, in 2006.

Future debt plans include \$49.72 million in additional bonds for the events center, to be issued in 2008 and 2009; another \$6 million for additional improvements at the Crackerneck Creek project area and up to \$20 million in additional appropriation-backed bonds for roads and other infrastructure improvements in connection with the recent opening of a new hospital.

## Outlook

The stable outlook reflects Standard & Poor's Ratings Services' expectation that Independence will maintain sound financial operations and adequate reserves as its sales tax base continues to grow. The city's accessibility to the rest of the Kansas City metropolitan area, which encourages retail development in the city supports the outlook.

# Summary: Missouri Development Finance Board Independence; General Obligation; General Obligation Equivalent Security

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.

Copyright © 2008, Standard & Poors, a division of The McGraw-Hill Companies, Inc. (?S&P?). S&P and/or its third party licensors have exclusive proprietary rights in the data or information provided herein. This data/information may only be used internally for business purposes and shall not be used for any unlawful or unauthorized purposes. Dissemination, distribution or reproduction of this data/information in any form is strictly prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P, its affiliates or its third party licensors, S&P, its affiliates and its third party licensors do not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates and its third party licensors be liable for any direct, indirect, special or consequential damages in connection with subscriber?s or others? use of the data/information contained herein. Access to the data or information contained herein is subject to termination in the event any agreement with a third-party of information or software is terminated.

Analytic services provided by Standard & Poor's Ratings Services (Ratings Services) are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: research\_request@standardandpoors.com.

Copyright © 1994-2008 Standard & Poors, a division of The McGraw-Hill Companies. All Rights Reserved.

#### Une McGrow CIII Company

www.standardandpoors.com/ratingsdirect

816-221-1000 FAX: 816-221-1018 www.gilmorebell.com GILMORE & BELL A PROFESSIONAL CORPORATION ATTORNEYS AT LAW 2405 GRAND BOULEVARD, SUITE 1100 KANSAS CITY, MISSOURI 64108-2521

ST. LOUIS, MISSOURI WICHITA, KANSAS LINCOLN, NEBRASKA

April 3, 2008

Missouri Development Finance Board Jefferson City, Missouri Piper Jaffray & Co. Leawood, Kansas

City of Independence, Missouri Independence, Missouri Commerce Bank, N.A., as Trustee Kansas City, Missouri

#### Re: \$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Missouri Development Finance Board (the "Board"), of the above-referenced bonds (the "Bonds"). The Bonds have been authorized and issued under and pursuant to the Missouri Development Finance Board Act, Sections 100.250 to 100.297 of the Revised Statutes of Missouri, as amended (the "Act"), and the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") between the Board and Commerce Bank, N.A., as trustee (the "Trustee"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The proceeds of the Bonds will be used by the Board to make a loan to the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City"), pursuant to a Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") between the Board and the City to pay Costs of the Project as defined in the Indenture.

Reference is made to an opinion of even date herewith of Allen Garner, City Counselor, with respect to, among other matters, (a) the power of the City to enter into and perform its obligations under the Financing Agreement and the Tax Compliance Agreement, (b) the passage and effectiveness of the Authorizing Ordinance, and (c) the due authorization, execution and delivery of the Financing Agreement and the Tax Compliance Agreement by the City and the binding effect and enforceability thereof against the City.

In our capacity as Bond Counsel, we have examined a certified transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following:

- (i) the Indenture;
- (ii) the Financing Agreement; and
- (iii) the Tax Compliance Agreement.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Bonds and the authorization, execution and delivery of the Indenture and the Financing Agreement.

Based upon such examination, we are of the opinion, as of the date hereof, as follows:

1. The Board is a body corporate and politic duly and legally organized and validly existing under the Act and has lawful power and authority to issue the Bonds and to enter into the Indenture and the Financing Agreement and to perform its obligations thereunder.

2. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri, including the Act.

3. The Bonds are valid and legally binding limited obligations of the Board according to the terms thereof, payable as to principal and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate, all in the manner provided in the Indenture. The Bonds do not constitute a debt of the State of Missouri or of any other political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. The Board has no taxing power.

4. The Indenture and the Financing Agreement have been duly authorized, executed and delivered by the Board and constitute valid and legally binding agreements enforceable against the Board in accordance with the respective provisions thereof.

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

6. The interest on the Bonds is exempt from income taxation by the State of Missouri.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Financing Agreement and the Tax Compliance Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

Hilmord Gell, P.C.

816-221-1000 FAX: 816-221-1018 WWW.GILMOREBELL.COM GILMORE & BELL

A PROFESSIONAL CORPORATION ATTORNEYS AT LAW 2405 GRAND BOULEVARD, SUITE 1100 KANSAS CITY, MISSOURI 64108-2521

ST. LOUIS, MISSOURI WICHITA, KANSAS LINCOLN, NEBRASKA

April 3, 2008

Missouri Development Finance Board Jefferson City, Missouri Piper Jaffray & Co. Leawood, Kansas

City of Independence, Missouri Independence, Missouri Commerce Bank, N.A., as Trustee Kansas City, Missouri

#### Re: \$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by Missouri Development Finance Board (the "Board") of the above-referenced bonds (the "Bonds") pursuant to the terms and provisions of the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") by and between the Board and Commerce Bank, N.A., Kansas City, Missouri, as Trustee (the "Trustee"). The proceeds from the sale of the Bonds will be loaned to the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City") to be used to finance the Costs of the Project described in the Indenture. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

In this connection, we have reviewed such documents, and have made such investigations of law, as we have deemed relevant and necessary as the basis for the supplemental opinion hereinafter expressed.

Based upon the foregoing, it is our opinion, as of the date hereof, that the Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended, and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

Very truly yours,

Milmord Gell, P.C.

816-221-1000 FAX: 816-221-1018 WWW.GILMOREBELL.COM GILMORE & BELL A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW 2405 GRAND BOULEVARD, SUITE 1100 KANSAS CITY, MISSOURI 64108-2521

ST. LOUIS, MISSOURI WICHITA, KANSAS LINCOLN, NEBRASKA

April 3, 2008

Missouri Development Finance Board Jefferson City, Missouri Piper Jaffray & Co. Leawood, Kansas

City of Independence, Missouri Independence, Missouri

#### Re: \$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the above-referenced bonds (the "Bonds"), pursuant to the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") by and between the Missouri Development Finance Board (the "Board") and Commerce Bank, N.A., as Trustee (the "Trustee). This opinion supplements our approving legal opinion of even date herewith related to the Bonds. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

We have examined the originals or copies, certified or otherwise identified to our satisfaction, of the final Official Statement dated March 17, 2008 (the "Official Statement"), and such other documents, certificates, letters, opinions, records and other instruments as we deem necessary to render this opinion.

In connection with the preparation of the Official Statement, we have generally reviewed information furnished to us by, and have participated in conferences with, representatives of the City and the City Counselor, and representatives of the Underwriter, and we have relied upon certificates of officials of such parties and of other public officials and persons as we have deemed appropriate.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of such statements. We have considered the information contained in the Official Statement and, based upon our review and discussions, and assuming the accuracy of the information contained in the aforementioned documents, certificates, opinions, letters, records and instruments, nothing has come to our attention which leads us to believe that the Official Statement contains any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. We express no view, however, as to the statistical or financial information relating to the City included in **Appendix A** to the Official Statement, the Financial Statements of the City included in **Appendix B** to the Official Statement or any other financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinions included in the Official Statement or any Appendix thereto.

This opinion is delivered to you for your use only and may not be used or relied upon by, or published or communicated to, any third party for any purpose whatsoever without our prior written approval in each instance.

Very truly yours,

Hilmord Gell, P.C.

### GILMORE & BELL, P.C.

816-221-1000 FAX: 816-221-1018 WWW.GILMOREBELL.COM GILMORE & BELL

A PROFESSIONAL CORPORATION ATTORNEYS AT LAW 2405 GRAND BOULEVARD, SUITE 1100 KANSAS CITY, MISSOURI 64108-2521

ST. LOUIS, MISSOURI WICHITA, KANSAS LINCOLN, NEBRASKA

April 3, 2008

Missouri Development Finance Board Jefferson City, Missouri Piper Jaffray & Co. Leawood, Kansas

City of Independence, Missouri Independence, Missouri Commerce Bank, N.A., as Trustee Kansas City, Missouri

#### Re: \$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Ladies and Gentlemen:

We have acted as counsel for Missouri Development Finance Board (the "Board") and, as such, in connection with the issuance and sale of the above-referenced Bonds, we have examined the following:

- (i) Minutes of the meetings and resolutions of the Board;
- (ii) the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") by and between the Board and Commerce Bank, N.A., as Trustee (the "Trustee);
- (iii) the Financing Agreement dated as of April 1, 2008 (the "Financing Agreement") between the Board and the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City");
- (iv) the Tax Compliance Agreement dated as of April 1, 2008, by and among the Board, the City and the Trustee;
- (v) the Bond Purchase Agreement dated March 17, 2008 among the Board, the City and Piper Jaffray & Co., as Underwriter; and
- (vi) such other records and instruments of the Board together with applicable certificates and such other documents as we deem relevant in rendering this opinion.

Based upon such examination, it is our opinion that:

1. The Board is a body corporate and politic duly organized and validly existing under the laws of the State of Missouri, has all necessary power to carry on its present business, has full power, right and authority to enter into the documents described in paragraphs (ii) through (v) above (the "Board Documents"), to issue the Bonds, to secure the Bonds in the manner contemplated by the Indenture and to perform each and all of the matters and things herein and therein provided for.

2. The Resolution of the Board, adopted on February 19, 2008 (the "Resolution") with respect to the Bonds and the Board Documents, was adopted pursuant to all applicable laws. The execution, delivery and performance by the Board of the Board Documents and the issuance of the Bonds have been duly authorized by all necessary action, and the Board Documents and the Bonds constitute legal, valid and binding obligations of the Board enforceable in accordance with their terms, except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally.

3. The execution, delivery and performance by the Board of the Bonds and the Board Documents does not and will not violate (a) any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the Board is subject; (b) result in a breach of or constitute a default under the provisions of any indenture, loan or credit agreement or any other agreement, lease or instrument to which the Board may be or is subject or by which it, or its property, is bound; or (c) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to any of the properties of the Board other than as provided therein; and the Board is not in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award.

4. No authorizations, consents, approvals, licenses, exemptions of or filings or registrations with any governmental commission, board, bureau, agency or instrumentality, domestic or foreign, or otherwise is necessary to the issuance of the Bonds by the Board or to the valid execution, delivery and performance by the Board of the Board Documents.

5. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the Board, (a) wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated by, or the validity of the Board Documents or the Bonds, or any agreement or instrument to which the Board is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the Board Documents and the Bonds or (ii) the tax-exempt status of the Board or of the interest on the Bonds, or (b) which in any way contests the existence, organization or powers of the Board or the titles of the officers of the Board to their respective offices.

6. The statements contained in the Official Statement dated March 17, 2008, under the captions "INTRODUCTORY STATEMENT – The Board," "THE BOARD" and "LITIGATION - The Board" are accurate and present a fair summary of the matters purported to be described therein, and we have no reason to believe that the information contained under such captions of the Official Statement as of its date and as of the date hereof contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Hilmord Gell, P.C.

GILMORE & BELL, P.C.

GILMORE & BELL

816-221-1000 FAX: 816-221-1018 WWW.GILMOREBELL.COM A PROFESSIONAL CORPORATION ATTORNEYS AT LAW 2405 GRAND BOULEVARD, SUITE 1100 KANSAS CITY, MISSOURI 64108-2521

ST. LOUIS, MISSOURI WICHITA, KANSAS LINCOLN, NEBRASKA

April 3, 2008

Missouri Development Finance Board Jefferson City, Missouri Piper Jaffray & Co. Leawood, Kansas

City of Independence, Missouri Independence, Missouri Commerce Bank, N.A., as Trustee Kansas City, Missouri

#### Re: \$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D

Ladies and Gentlemen:

We have acted as counsel for the Independence Events Center Community Improvement District (the "District") in connection with the issuance of the above-referenced bonds (the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Bond Trust Indenture dated as of April 1, 2008 (the "Indenture") by and between the Missouri Development Finance Board (the "Board") and Commerce Bank, N.A. (the "Trustee"). As counsel for the District, we have examined the following in connection with the issuance and sale of the Bonds:

(a) Organizational proceedings of the District and minutes of the meetings of the Board of Directors;

(b) Cooperative Agreement between the City of Independence, Missouri (the "City") and the District (the "CID Agreement");

(c) Resolution No. 2008-03 of the District dated January 4, 2008 (the "CID Agreement Resolution") approving the CID Agreement and authorizing the officers of the District to execute and deliver the CID Agreement;

(d) Resolution No. 2008-02 of the District dated January 4, 2008 (the "Sales Tax Resolution"), imposing, subject to the approval of the qualified voters in the CID, a sales tax at a maximum rate of 1.00% (the "CID Sales Tax");

(e) Election proceedings of Jackson County, Missouri related to the election held on February 26, 2008, for approval of the CID Sales Tax by the qualified voters of the CID;

(f) the Preliminary Official Statement dated March 5, 2008, and the Official Statement dated March 17, 2008, both related to the Bonds (collectively, the "Official Statement");

(g) the Indenture; and

(h) such other records and instruments of the District, together with applicable laws of the State of Missouri, certificates of public officials and such other documents as we deem relevant in rendering this opinion.

Based upon such examination, it is our opinion that:

1. The District has been duly organized and is validly existing as a community improvement district and political subdivision under the laws of the State of Missouri.

2. The CID Agreement has been duly authorized by all requisite action on the part of the District, has been duly executed and delivered by and on behalf of the District by duly authorized officers of the District, and constitutes the District's valid and binding obligation, enforceable in accordance with its terms (except as such enforceability may be limited by any bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or any general principles of equity, including without limitation, the exercise of judicial discretion in connection with any grant of specific performance).

3. The CID Agreement Resolution and the Sales Tax Resolution have been duly adopted by the Board of Directors of the District, have not been modified, amended or repealed as of the date of this opinion and are valid and enforceable in accordance with their terms.

4. All steps necessary for the levy of the CID Sales Tax within the boundaries of the CID, including the requisite approval of the qualified voters of the CID and notification of the State of Missouri of imposition of the tax in accordance with Section 32.087, RSMo, have been taken, and, assuming that there is no litigation filed that prevents the CID Sales Tax from becoming effective, the CID Sales Tax will be effective as of July 1, 2008.

5. The execution, delivery and compliance with the provisions of the CID Agreement by the District has not and will not (with the passage of time or the giving of notice, or both) result in or constitute a breach of or default under any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the District is a party or by which it or any of its property is bound, or violate any provision of the organizational documents of the District, or any constitutional or statutory provision applicable to the District or its property, or any order, rule or regulation of any court or governmental authority applicable to the District or its property.

6. All consents, approvals, authorizations or orders of, or registrations or filings with, any court or governmental agency or body required with respect to the District for the valid execution and delivery by the District of, or the performance of its obligations under, the CID Agreement and the levy of the CID Sales Tax have been obtained or made.

7. The use of proceeds of the CID Sales Tax to pay (i) for the Project, and (ii) payments of principal of and interest on the Bonds allocable to the financing of the Project in the manner described in the Indenture does not violate any constitutional or statutory provision applicable to the District.

8. There is no action, suit or other proceeding pending or, to the best of our knowledge, threatened against the District, at law or in equity or before any governmental authority, which might adversely affect the validity or enforceability of the CID Agreement or the ability of the District to impose the CID Sales Tax, the use of the CID Sales Tax for the purposes set forth in the CID Agreement and the Indenture, or which might materially and adversely affect the condition, financial or otherwise, of the District.

9. After reasonable investigation and inquiry, to the best of our knowledge, information and belief, the information contained in the Official Statement under the caption "THE CID" does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

This opinion is based upon and is limited to the laws of the State of Missouri and the laws of the United States of America. This opinion is further limited solely to the matters set forth herein and no other opinion is to be inferred or implied herefrom.

This opinion is delivered to you for your use only and may not be used or relied upon by, or published or communicated to, any third party for any purpose whatsoever without our prior written approval in each instance.

Very truly yours,

ilmin & fell, P.C.

GILMORE & BELL, P.C.

Independence

111 EAST MAPLE • P.O. BOX 1019 • INDEPENDENCE, MISSOURI 64051-0519

www.ci.independence.mo.us • (816) 325-7000



April 3, 2008

Missouri Development Finance Board Jefferson City, Missouri Piper Jaffray & Co. Leawood, Kansas

Gilmore & Bell, P.C. Kansas City, Missouri Commerce Bank, N.A., as Trustee Kansas City, Missouri

#### Re: \$12,325,000 Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project)

Ladies and Gentlemen:

I am the City Counselor for the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City") and, as such, in connection with the loan of the proceeds by the Missouri Development Finance Board (the "Board") of the proceeds of the above-referenced Bonds to the City I have examined the following:

(a) Minutes of the meeting and Ordinance No. 16973 of the City passed on March 17, 2008 (said Ordinance being referred to as the "Authorizing Ordinance").

(b) Financing Agreement dated as of April 1, 2008 (collectively, the "Financing Agreement") between the Board and the City;

(c) Tax Compliance Agreement dated as of April 1, 2008 among the Board, the City and Commerce Bank, N.A., as Trustee (the "Trustee").

(d) Continuing Disclosure Agreement dated as of April 1, 2008 (the "Continuing Disclosure Agreement") executed by the City for the benefit of holders of the Bonds.

(e) Bond Purchase Agreement dated as of March 17, 2008, among the Board, the City and Piper Jaffray & Co., as Underwriter.

(f) Such other records and instruments of the City together with applicable certificates and such other documents as I have deemed relevant in rendering this opinion.

Based upon such examination, it is my opinion that:

1. The City is a constitutional charter city and political subdivision of the State of Missouri duly organized and validly existing under the laws of the State of Missouri, has all necessary power to

carry on its present business, has full power, right and authority to enter into the documents described in paragraphs (a) through (f) above (the "City Documents") and to perform each and all of the matters and things herein and therein provided for.

2. The Authorizing Ordinance authorizing the execution and delivery of the City Documents was duly passed pursuant to all applicable laws and is in full force and effect. The execution, delivery and performance by the City of the City Documents has been duly authorized by all necessary action, and the City Documents constitute legal, valid and binding obligations of the City enforceable in accordance with their terms, except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally.

3. The execution, delivery and performance by the City of the City Documents does not and will not violate (a) any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the City is subject; (b) result in a breach of or constitute a default under the provisions of the City's Charter or any indenture, loan or credit agreement or any other agreement, lease or instrument to which the City may be or is subject or by which it, or its property, is bound; or (c) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to any of the properties of the City other than as provided therein; and the City is not in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award.

4. No authorizations, consents, approvals, licenses, exemptions of or filings or registrations with any governmental commission, city, bureau, agency or instrumentality, domestic or foreign, or otherwise is necessary for the valid execution, delivery and performance by the City of the City Documents.

5. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the City, (a) wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by, or the validity of the City Documents, or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the City Documents, or (b) which in any way contests the existence, organization or powers of the City or the titles of the officers of the City to their respective offices.

6. The statements contained in the Official Statement dated March 17, 2008, including **Appendix A** thereto, describing the City are accurate and present a fair summary of the matters purported to be described therein, and I have no reason to believe that the information contained under such captions of the Official Statement as of its date and as of the date hereof contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Min Very truly yours B. Allen Garner

City Counselor

## Document No. 29

Eastland, Hartman Heritage, Centerpoint and Trinity Tax Increment Financing Plans

(on file with the City and Bond Counsel)

.

.

t

Trinity TIF Plan-1st Amendment Approval 1/30/08-bl

#### BILL NO. <u>08-22</u>

#### ORDINANCE NO. 16941

# AN ORDINANCE APPROVING THE FIRST AMENDMENT TO THE TRINITY DEVELOPMENT TAX INCREMENT FINANCING PLAN.

WHEREAS, the Trinity Development Tax Increment Financing Plan ("TIF Plan") was adopted by the Independence City Council on November 7, 2005; and,

WHEREAS, the Independence Events Center Community Improvement District ("CID") was created in Independence on December 20, 2007, covering an area that includes the entire Redevelopment Area for the TIF Plan; and,

WHEREAS, the CID is expected to impose a sales tax on all eligible sales made within the CID ("CID Sales Tax"), which will facilitate development of the TIF Redevelopment Area and surrounding areas by contributing to the financing for the design and construction of certain CID public improvements, which include a multi-purpose events center, supporting public infrastructure, and property acquisition costs ("CID Public Improvements"); and,

WHEREAS, a proposed First Amendment to the TIF Plan ("TIF Plan Amendment") was submitted to the City Clerk on December 10, 2007; and,

WHEREAS, the proposed TIF Plan Amendment: (i) Expands the Redevelopment Area of the TIF Plan to include the connecting portion of the right-of-way corridor and the site upon which the CID Public Improvements will be constructed; (ii) creates a new redevelopment project consisting of the design and construction of the CID Public Improvements ("MPEC Redevelopment Project") and a new redevelopment project area in which the CID Public Improvements will be constructed ("MPEC Redevelopment Project Area"); and (iii) adds the costs of designing and constructing the CID Public Improvements as Reimbursable Project Costs under the TIF Plan ("CID Reimbursable Project Costs"); and,

WHEREAS, the MPEC Redevelopment Project Area is also located in the Redevelopment Area for the Eastland Center Tax Increment Financing Plan which was originally adopted by the Independence City Council on January 3, 2000, by Ordinance No. 14393 and amended on December 6, 2004, by Ordinance No. 16283 ("Eastland TIF Plan"); and,

WHEREAS, in accordance with the written procedures relating to bids and proposals for implementation of redevelopment projects, on December 14, 2007, the City published in the *Examiner* a notice of request for proposals and bids, which provided reasonable opportunity for any person to submit proposals and bids for implementation of the MPEC Project as proposed in the TIF Plan Amendment, or alternatives thereto, in compliance with Section 99.820.1(3) of the Revised Statutes of Missouri; and,

WHEREAS, on November 26, 2007, the City mailed written notices of the scheduled Independence Tax Increment Financing Commission ("TIF Commission") public hearing to all taxing districts from which taxable property is included in the Redevelopment Area, in compliance with Section 99.825 and 99.830 of the Revised Statutes of Missouri; and, WHEREAS, on December 14, 2007, the City published notice in the *Examiner* of the scheduled TIF Commission public hearing to consider the merits of the proposed TIF Plan Amendment, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

4

WHEREAS, on January 4, 2008, the City again published notice in the *Examiner* of the scheduled TIF Commission public hearing to consider the merits of the proposed TIF Plan Amendment, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on December 27, 2007, the City mailed written notices of the scheduled TIF Commission public hearing to all persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of land lying within the Redevelopment Area, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, notice has been provided to the Director of the Department of Economic Development in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on January 10, 2008, the TIF Commission having heard and considered the objections, protests, comments, and other evidence adduced at the public hearings, closed the public hearing and voted to recommend approval of the TIF Plan Amendment through the adoption of Resolution No. 2008-04; and,

WHEREAS, on February 4, 2008, at a regularly scheduled meeting, the City Council considered the TIF Plan Amendment and the recommendations of the TIF Commission as set forth in the TIF Commission Resolution No. 2008-04; and,

WHEREAS, the City Council, having heard and considered the objections, protests, comments, and other evidence adduced at the meeting, the evidence and testimony submitted at the TIF Commission public hearing, and the recommendation of the TIF Commission as set forth in TIF Commission Resolution No. 2008-04, desires to approve the TIF Plan Amendment, expand the Redevelopment Area, approve a new Redevelopment Project and Redevelopment Project Area within the Redevelopment Area, authorize the issuance of Obligations to implement the new Redevelopment Project, not authorize tax increment allocation financing for the new Redevelopment Project and Redevelopment Project Area pursuant to § 99.845.1, RSMo, and designate the development for the Redevelopment Project;

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

<u>SECTION 1.</u> That the TIF Plan Amendment, dated December 7, 2007, a copy of which is on file in the Office of the City Clerk, is hereby approved and adopted.

SECTION 2. That the City Council hereby finds that:

A. The findings herein are in addition to the findings made upon adoption of the original TIF Plan.

B. The Redevelopment Area on the whole was declared a Blighted Area pursuant to Ordinance No. 16187 approving the original TIF Plan. The MPEC Redevelopment Project Area was declared a Blighted Area pursuant to Ordinance No. 14393 approving the Eastland TIF Plan, the blight has not yet been cured in the MPEC Redevelopment Project Area, and therefore remains blighted under the TIF Plan. C. Pursuant to Ordinance No. 16187 approving the original TIF Plan, the Redevelopment Area on the whole was determined to not have been subject to growth and development through investment by private enterprise and to not reasonably be anticipated to be developed without the adoption of tax increment financing due to the substantial cost to ameliorate the blighted conditions of the Redevelopment Area. Pursuant to Ordinance No. 14393 approving the Eastland TIF Plan, the Eastland Redevelopment Area on the whole, which includes the MPEC Redevelopment Project Area, was determined to not have been subject to growth and development through investment by private enterprise and to not reasonably be anticipated to be developed without the adoption of tax increment financing due to the substantial cost to ameliorate the blighted conditions of the Eastland TIF Plan Redevelopment Area, and the MPEC Redevelopment Project Area has not been subject to growth and development through investment by private enterprise since adoption of the TIF Plan.

D. The City's comprehensive plan indicates that the MPEC Redevelopment Project Area should be developed for mixed use. The proposed TIF Plan Amendment will produce mixed use development within the MPEC Redevelopment Project Area, and is consequently in conformance with the City's comprehensive plan.

E. The Ordinance approving the MPEC Redevelopment Project will not be adopted later than ten years from the adoption of the TIF Plan.

F. The estimated date to complete the MPEC Redevelopment Project has been stated in the proposed TIF Plan Amendment and such date is not more than 23 years from the adoption of any Ordinance approving such MPEC Redevelopment Project.

G. In the event CID Obligations (as defined in the proposed TIF Plan Amendment) are issued to finance costs of the CID Public Improvements and other CID Reimbursable Project Costs, it is anticipated that such CID Obligations will be retired as provided by law.

H. No property for the MPEC Redevelopment Project will be acquired by eminent domain.

I. The City has adopted a relocation plan meeting the requirements of Section 523.205 of the Revised Statutes of Missouri which is incorporated by reference into the TIF Plan.

J. The amount of revenues estimated to be received by the Taxing Districts as a result of the original TIF Redevelopment Project is not effected by using revenues captured by the Special Allocation Fund as a result of the imposition of the CID Sales Tax and the payment of either (1) CID Reimbursable Project Costs, or (2) Debt Service on CID Obligations (as those terms are defined in the proposed TIF Plan Amendment), and, therefore, the "Direct Tax-Impact Analysis" attached as <u>Exhibit 9</u> and the "Cost-Benefit Analysis" attached as <u>Exhibit 10</u> to the TIF Plan are unchanged. These analyses show the impact on the economy if the original TIF Redevelopment Project is built and if the original TIF Redevelopment Project is not built pursuant to this TIF Plan, and include a fiscal impact study on every Taxing District and sufficient information showing whether the original TIF Redevelopment Project as proposed is financially feasible. The market/cost-benefit analysis approved with the Eastland TIF Plan is incorporated herein by reference and, along with evidence presented by the Developer of the MPEC Project, provide sufficient information to evaluate and support the financial feasibility of the MPEC Redevelopment Project as part of this TIF Plan.

K. This TIF Plan does not include the initial development or redevelopment of any gambling establishment as defined in the Act.

L. The MPEC Redevelopment Project Area selected for the MPEC Redevelopment Project includes only those parcels of real property and improvements directly and substantially benefited by the proposed MPEC Redevelopment Project.

3

<u>SECTION 3.</u> That the Redevelopment Area is expanded to include the tracts of land described in Exhibit A attached hereto.

SECTION 4. That the area selected for the MPEC Redevelopment Project as described in Exhibit A attached hereto is approved and designated as the MPEC Redevelopment Project Area. Tax increment allocation financing pursuant to § 99.845.1, RSMo, is not adopted for the MPEC Redevelopment Project and the MPEC Redevelopment Project Area.

SECTION 5. That the MPEC Redevelopment Project to be developed in the MPEC Redevelopment Project Area is approved and includes only those parcels of real property and improvements thereon which will be directly and substantially benefited by the CID Public Improvements as set forth in the TIF Plan Amendment.

<u>SECTION 6.</u> That the City of Independence, Missouri, is hereby designated as the developer for the MPEC Redevelopment Project.

<u>SECTION 7.</u> That the City is authorized to issue obligations to fund the CID Public Improvements identified in the TIF Plan Amendment.

<u>SECTION 8.</u> That the City Manager, City Attorney, the City's special legal counsel, the City Clerk, and any other City officials are hereby authorized to take any action as may be deemed necessary or convenient to carry out and comply with the intent of this Ordinance, to execute and deliver for and on behalf of the City all certificates, instruments or other documents as may be necessary, desirable, convenient or proper to perform all matters herein authorized, and to create those funds and accounts required by the TIF Act to implement the TIF Plan Amendment.

SECTION 9. That this ordinance shall be in full force and effect from and after the date of its passage and approval.

PASSED THIS <u>19th</u> DAY OF <u>FEBRUARY</u>, 2008, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

Presiding Officer of the City Council of the City of Independence, Missouri

ATTEST:

AND LECALITY

City Counselor

## EXHIBIT A

## TRACT I

All of the North ½, the South ½, including that portion thereof platted as Lots 1, 2, 3 and 4, of the Commissioners Plat of Bannister Estate filed for record April 1, 1915 and recorded in Book 337 at Page 260 of Section 29, Township 49, Range 31 and that part of the North ½ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70, Easterly of and adjacent to the Easterly right of way of Interstate Route I-70, Easterly of and adjacent to the Easterly right of way of Interstate Route I-470; Northerly of and adjacent to the Northerly right of way of U.S. Highway No. 40; and Westerly and Northerly of the Westerly boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson, Missouri, as set forth in the Report of Commissioners thereof filed for record as Document No. I-260485 in Book I-706 at Page 519. Excepting from said Tract I that part conveyed to the State of Missouri by the instrument recorded as Document No. 98-I-76205 in Book I-3281, at Page 2109, and further excepting therefrom that part in the Little Blue River and except any part in roads, if any.

## TRACT II

All that part of the Northwest ¼ of the Northwest ¼ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70 and East of and adjacent to the Easterly Boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson County, Missouri, as set forth in the Report of Commissioners thereof, filed for record as Document No. I-260485, in Book I-706, at Page 519, and that portion of the Northeast ¼ of the Northeast ¼ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70; West of the West right of way of Selsa Road and North of a line described as follows: Beginning at a point 100 feet West of and 168.01 feet South of the Northeast corner of the South 1/2 of the Northeast 1/4 of the Northeast 1/4 of said Section 28 thence in a Southwesterly direction along the center line of Crackerneck Road as follows: South 38 degrees 19 1/2 minutes West 110.53 feet; thence South 78 degrees 18 ½ minutes West 178.33 feet; thence South 70 degrees 39 ½ minutes West 191.35 feet; thence South 58 degrees 39 ½ minutes West 164 feet; thence South 72 degrees 6 minutes West 103.96 feet; thence North 82 degrees 32 minutes West 92.14 feet; then North 73 degrees 14 1/2 minutes West 170 feet; thence South 72 degrees 24 minutes West to 251.43 feet; thence South 83 degrees 8 minutes West 59.81 feet to the West line of the Northeast ¼ of the Northwest ¼ of said Section 28, (last said line taken from Warranty Deed recorded as Document No. 837302 in Book 1694, at Page 483), except that part in roads.

Excepting from Tract II above that part thereof taken in Condemnation Suite CV97-9441 in Circuit Court of Jackson County, Missouri as set forth in the Report of Commissioners therein filed in the Court on July 7, 1997.

#### **RIGHT-OF-WAY**

A tract of land located in the City of Independence, Jackson County, Missouri, more particularly described as follows: Beginning at the Northwest corner of Lot 11-B, INDEPENDENCE CENTER, REPLAT OF LOT 11, a subdivision in Independence, Jackson County, Missouri, also being on the North right-of-way line of the Northbound onramp to M-291 Highway; thence Southeast along said North right-of-way line to its intersection with the North right-of-way line of Interstate 70; thence East along said North right-of-way line to its intersection with the West line of the Northeast Quarter of the Northeast Quarter of Section 28, Township 49 North, Range 31 West; thence South along the West line of said quarter quarter to its intersection with the South right-of-way line of Interstate 70; thence West along said South right-of-way line to its intersection with the West line of the Northeast Quarter of Section 29, Township 49 North, Range 31 West; thence Northeast, leaving said right-of-way line and said West quarter line to the Point of Beginning.

## STATE OF MISSOURI ) COUNTY OF JACKSON ) CITY OF INDEPENDENCE )

I, Bruce Lowrey, City Clerk of Independence, Missouri, do hereby certify

that this document is a true copy of Ordinance No. 16941 of the City of Independence, Missouri.

Witness my hand and seal of said City hereto affixed this 25th day of March, 2008.

Bruce Lowrey, City Clerk

Hartman Heritage Park TIF Plan 2nd Amendment Approval 1/30/08-bl

## BILL NO. <u>08-23</u>

## ORDINANCE NO. <u>16942</u>

# AN ORDINANCE APPROVING THE SECOND AMENDMENT TO THE HARTMAN HERITAGE PARK TAX INCREMENT FINANCING PLAN.

WHEREAS, the Hartman Heritage Park Tax Increment Financing Plan was adopted by the Independence City Council on May 18, 1998, and a First Amendment to the TIF Plan was approved on August 4, 2003 ("TIF Plan"); and,

WHEREAS, the Independence Events Center Community Improvement District ("CID") was created in Independence on December 20, 2007, covering an area that includes the entire Redevelopment Area for the TIF Plan; and,

WHEREAS, the CID is expected to impose a sales tax on all eligible sales made within the CID ("CID Sales Tax"), which will facilitate development of the TIF Redevelopment Area and surrounding areas by contributing to the financing for the design and construction of certain CID public improvements, which include a multi-purpose events center, supporting public infrastructure, and property acquisition costs ("CID Public Improvements"); and,

WHEREAS, a proposed Second Amendment to the TIF Plan ("TIF Plan Amendment") was submitted to the City Clerk on December 10, 2007; and,

WHEREAS, the proposed TIF Plan Amendment: (i) expands the Redevelopment Area of the TIF Plan to include the connecting portion of the Interstate 70 corridor and the site upon which the CID Public Improvements will be constructed; (ii) creates a new redevelopment project consisting of the design and construction of the CID Public Improvements ("MPEC Redevelopment Project") and a new redevelopment project area in which the CID Public Improvements will be constructed ("MPEC Redevelopment Project Area"), and (iii) adds the costs of designing and constructing the CID Public Improvements as Reimbursable Project Costs under the TIF Plan ("CID Reimbursable Project Costs"); and,

WHEREAS, the MPEC Redevelopment Project Area is also located in the Redevelopment Area for the Eastland Center Tax Increment Financing Plan which was originally adopted by the Independence City Council on January 3, 2000, by Ordinance No. 14393 and amended on December 6, 2004, by Ordinance No. 16283 ("Eastland TIF Plan"); and,

WHEREAS, in accordance with the written procedures relating to bids and proposals for implementation of redevelopment projects, on December 14, 2007, the City published in the *Examiner* a notice of request for proposals and bids, which provided reasonable opportunity for any person to submit proposals and bids for implementation of the MPEC Redevelopment Project as proposed in the TIF Plan Amendment, or alternatives thereto, in compliance with Section 99.820.1(3) of the Revised Statutes of Missouri; and,

WHEREAS, on November 26, 2007, the City mailed written notices of the scheduled Independence Tax Increment Financing Commission ("TIF Commission") public hearing to all taxing

.

districts from which taxable property is included in the Redevelopment Area, in compliance with Section 99.825 and 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on December 14, 2007, the City published notice in the *Examiner* of the scheduled TIF Commission public hearing to consider the merits of the proposed TIF Plan Amendment, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on January 4, 2008, the City again published notice in the *Examiner* of the scheduled TIF Commission public hearing to consider the merits of the proposed TIF Plan Amendment, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on December 27, 2007, the City mailed written notices of the scheduled TIF Commission public hearing to all persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of land lying within the Redevelopment Area, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, notice has been provided to the Director of the Department of Economic Development in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on January 10, 2008, the TIF Commission having heard and considered the objections, protests, comments, and other evidence adduced at the public hearings, closed the public hearing and voted to recommend approval of the TIF Plan Amendment through the adoption of Resolution No. 2008-02; and,

WHEREAS, on February 4, 2008, at a regularly scheduled meeting, the City Council considered the TIF Plan Amendment and the recommendations of the TIF Commission as set forth in the TIF Commission Resolution No. 2008-02; and,

WHEREAS, the City Council, having heard and considered the objections, protests, comments, and other evidence adduced at the meeting, the evidence and testimony submitted at the TIF Commission public hearing, and the recommendation of the TIF Commission as set forth in TIF Commission Resolution No. 2008-02, desires to approve the TIF Plan Amendment, expand the Redevelopment Area, approve a new Redevelopment Project and Redevelopment Project Area within the Redevelopment Area, authorize the issuance of Obligations to implement the new Redevelopment Project, not authorize tax increment allocation financing for the new Redevelopment Project and Redevelopment Project Area pursuant to § 99.845.1, RSMo, and designate the developer for the Redevelopment Project;

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

<u>SECTION 1.</u> That the TIF Plan Amendment, dated December 7, 2007, a copy of which is on file in the Office of the City Clerk, is hereby approved and adopted.

SECTION 2. That the City Council hereby finds that:

A. The findings herein are in addition to the findings made upon adoption of the original TIF Plan.

B. The Redevelopment Area on the whole was declared a Blighted Area pursuant to Ordinance No. 13904 approving the original TIF Plan. The MPEC Redevelopment Project Area was declared a Blighted Area pursuant to Ordinance No. 14393 approving the Eastland TIF Plan, the blight has not yet been cured in the MPEC Redevelopment Project Area, and therefore remains blighted under the TIF Plan. C. Pursuant to Ordinance No. 13904 approving the original TIF Plan, the Redevelopment Area on the whole was determined to not have been subject to growth and development through investment by private enterprise and to not reasonably be anticipated to be developed without the adoption of tax increment financing due to the substantial cost to ameliorate the blighted conditions of the Redevelopment Area. Pursuant to Ordinance No. 14393 approving the Eastland TIF Plan, the Eastland Redevelopment Area on the whole, which includes the MPEC Redevelopment Project Area, was determined to not have been subject to growth and development through investment by private enterprise and to not reasonably be anticipated to be developed without the adoption of tax increment financing due to the substantial cost to ameliorate the blighted conditions of the Eastland TIF Plan Redevelopment Area, and the MPEC Redevelopment Project Area has not been subject to growth and development through investment by private enterprise since adoption of the TIF Plan.

D. The City's comprehensive plan indicates that the MPEC Redevelopment Project Area should be developed for mixed use. The proposed TIF Plan Amendment will produce mixed use development within the MPEC Redevelopment Project Area, and is consequently in conformance with the City's comprehensive plan.

E. The Ordinance approving the MPEC Redevelopment Project will not be adopted later than ten years from the adoption of the TIF Plan.

F. The estimated date to complete the MPEC Redevelopment Project has been stated in the proposed TIF Plan Amendment and such date is not more than 23 years from the adoption of any Ordinance approving such MPEC Redevelopment Project.

G. In the event CID Obligations (as defined in the proposed TIF Plan Amendment) are issued to finance costs of the CID Public Improvements and other CID Reimbursable Project Costs, it is anticipated that such CID Obligations will be retired as provided by law.

H. No property for the MPEC Redevelopment Project will be acquired by eminent domain.

I. The City has adopted a relocation plan meeting the requirements of Section 523.205 of the Revised Statutes of Missouri which is incorporated by reference into the TIF Plan.

J. The amount of revenues estimated to be received by the Taxing Districts as a result of the original TIF Redevelopment Project is not effected by using revenues captured by the Special Allocation Fund as a result of the imposition of the CID Sales Tax and the payment of either (1) CID Reimbursable Project Costs, or (2) Debt Service on CID Obligations (as those terms are defined in the proposed TIF Plan Amendment), and, therefore, the "Direct Tax Impact Analysis" attached as <u>Exhibit 13</u> and the "Market Analysis – Cost-Benefit Analysis" attached as <u>Exhibit 14</u> to the TIF Plan are unchanged. These analyses show the impact on the economy if the original TIF Redevelopment Project is built and if the original TIF Redevelopment Project is not built pursuant to this TIF Plan, and include a fiscal impact study on every Taxing District and sufficient information showing whether the original TIF Redevelopment Project as proposed is financially feasible. The market/cost-benefit analysis approved with the Eastland TIF Plan is incorporated herein by reference and, along with evidence presented by the Developer of the MPEC Project, provide sufficient information to evaluate and support the financial feasibility of the MPEC Redevelopment Project as part of this TIF Plan.

K. This TIF Plan does not include the initial development or redevelopment of any gambling establishment as defined in the Act.

L. The MPEC Redevelopment Project Area selected for the MPEC Redevelopment Project includes only those parcels of real property and improvements directly and substantially benefited by the proposed MPEC Redevelopment Project.

SECTION 3. That the Redevelopment Area is expanded to include the tracts of land described in Exhibit A attached hereto.

SECTION 4. That the area selected for the MPEC Redevelopment Project as described in Exhibit A attached hereto is approved and designated as the MPEC Redevelopment Project Area. Tax increment allocation financing pursuant to § 99.845.1, RSMo, is not adopted for the MPEC Redevelopment Project and the MPEC Redevelopment Project Area.

SECTION 5. That the MPEC Redevelopment Project to be developed in the MPEC Redevelopment Project Area is approved and includes only those parcels of real property and improvements thereon which will be directly and substantially benefited by the CID Public Improvements as set forth in the TIF Plan Amendment.

SECTION 6. That the City of Independence, Missouri, is hereby designated as the developer for the MPEC Redevelopment Project.

SECTION 7. That the City is authorized to issue obligations to fund the CID Public Improvements identified in the TIF Plan Amendment.

SECTION 8. That the City Manager, City Attorney, the City's special legal counsel, the City Clerk, and any other City officials are hereby authorized to take any action as may be deemed necessary or convenient to carry out and comply with the intent of this Ordinance, to execute and deliver for and on behalf of the City all certificates, instruments or other documents as may be necessary, desirable, convenient or proper to perform all matters herein authorized, and to create those funds and accounts required by the TIF Act to implement the TIF Plan Amendment.

SECTION 9. That this ordinance shall be in full force and effect from and after the date of its passage and approval.

PASSED THIS \_ 19th\_ DAY OF \_ FEBRUARY \_\_\_\_, 2008, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

Presiding Officer of the City Council of the City of Independence, Missouri

ATTEST:

APPROVED - FOR ND LEG

VIEWED BY:

## EXHIBIT A

## TRACT I

All of the North <sup>1</sup>/<sub>2</sub>, the South <sup>1</sup>/<sub>2</sub>, including that portion thereof platted as Lots 1, 2, 3 and 4, of the Commissioners Plat of Bannister Estate filed for record April 1, 1915 and recorded in Book 337 at Page 260 of Section 29, Township 49, Range 31 and that part of the North <sup>1</sup>/<sub>2</sub> of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70, Easterly of and adjacent to the Easterly right of way of Interstate Route I-70, Easterly of and adjacent to the Easterly right of way of Interstate Route I-470; Northerly of and adjacent to the Northerly right of way of U.S. Highway No. 40; and Westerly and Northerly of the Westerly boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson, Missouri, as set forth in the Report of Commissioners thereof filed for record as Document No. I-260485 in Book I-706 at Page 519. Excepting from said Tract I that part conveyed to the State of Missouri by the instrument recorded as Document No. 98-I-76205 in Book I-3281, at Page 2109, and further excepting therefrom that part in the Little Blue River and except any part in roads, if any.

## TRACT II

All that part of the Northwest ¼ of the Northwest ¼ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70 and East of and adjacent to the Easterly Boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson County, Missouri, as set forth in the Report of Commissioners thereof, filed for record as Document No. I-260485, in Book I-706, at Page 519, and that portion of the Northeast 1/4 of the Northeast 1/4 of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70; West of the West right of way of Selsa Road and North of a line described as follows: Beginning at a point 100 feet West of and 168.01 feet South of the Northeast corner of the South 1/2 of the Northeast 1/4 of the Northeast 1/4 of said Section 28 thence in a Southwesterly direction along the center line of Crackerneck Road as follows: South 38 degrees 19 1/2 minutes West 110.53 feet; thence South 78 degrees 18 1/2 minutes West 178.33 feet; thence South 70 degrees 39 1/2 minutes West 191.35 feet; thence South 58 degrees 39 1/2 minutes West 164 feet; thence South 72 degrees 6 minutes West 103.96 feet; thence North 82 degrees 32 minutes West 92.14 feet; then North 73 degrees 14 1/2 minutes West 170 feet; thence South 72 degrees 24 minutes West to 251.43 feet; thence South 83 degrees 8 minutes West 59.81 feet to the West line of the Northeast 1/4 of the Northwest 1/4 of said Section 28, (last said line taken from Warranty Deed recorded as Document No. 837302 in Book 1694, at Page 483), except that part in roads.

Excepting from Tract II above that part thereof taken in Condemnation Suite CV97-9441 in Circuit Court of Jackson County, Missouri as set forth in the Report of Commissioners therein filed in the Court on July 7, 1997.

#### **RIGHT-OF-WAY**

A tract of land located in the City of Independence, Jackson County, Missouri, more particularly described as follows: Beginning at the Northwest corner of Lot 11-B, INDEPENDENCE CENTER, REPLAT OF LOT 11, a subdivision in Independence, Jackson County, Missouri, also being on the North right-of-way line of the Northbound onramp to M-291 Highway; thence Southeast along said North right-of-way line to its intersection with the North right-of-way line of Interstate 70; thence East along said North right-of-way line to its intersection with the West line of the Northeast Quarter of the Northeast Quarter of Section 28, Township 49 North, Range 31 West; thence South along the West line of said quarter quarter to its intersection with the South right-of-way line of Interstate 70; thence West along said South right-of-way line to its intersection with the South right-of-way line of Section 29, Township 49 North, Range 31 West; thence Northeast Quarter of Section 29, Township 49 North, Range 31 West; line of the Northeast Quarter of Section 29, Township 49 North, Range 31 West; line of the Northeast Quarter of Section 29, Township 49 North, Range 31 West; line of the Northeast Quarter of Section 29, Township 49 North, Range 31 West; line of the Northeast Quarter of Section 29, Township 49 North, Range 31 West; thence Northeast, leaving said right-of-way line and said West quarter line to the Point of Beginning.

STATE OF MISSOURI)COUNTY OF JACKSON)CITY OF INDEPENDENCE)

I, Bruce Lowrey, City Clerk of Independence, Missouri, do hereby certify

that this document is a true copy of Ordinance No. 16942 of the City of Independence, Missouri.

Witness my hand and seal of said City hereto affixed this 25th day of March, 2008.

Bruce Lowrey, City Clerk

IRMC TIF Plan. 1st Amendment Approval 1/30/08-bl

## BILL NO. \_\_\_\_\_08-24\_\_\_\_\_

## ORDINANCE NO. <u>16943</u>

## AN ORDINANCE APPROVING THE FIRST AMENDMENT TO THE INDEPENDENCE REGIONAL MEDICAL CENTER TAX INCREMENT FINANCING PLAN.

WHEREAS, the Independence Regional Medical Center Tax Increment Financing Plan ("TIF Plan") was adopted by the Independence City Council on December 6, 2004; and,

WHEREAS, the Independence Events Center Community Improvement District ("CID") was created in Independence on December 20, 2007, covering an area that includes the entire Redevelopment Area for the TIF Plan; and,

WHEREAS, the CID is expected to impose a sales tax on all eligible sales made within the CID ("CID Sales Tax"), which will facilitate development of the TIF Redevelopment Area and surrounding areas by contributing to the financing for the design and construction of certain CID public improvements, which include a multi-purpose events center, supporting public infrastructure, and property acquisition costs ("CID Public Improvements"); and,

WHEREAS, a proposed First Amendment to the TIF Plan ("TIF Plan Amendment") was submitted to the City Clerk on December 10, 2007; and,

WHEREAS, the proposed TIF Plan Amendment: (i) expands the Redevelopment Area of the TIF Plan to include the connecting portion of the right-of-way corridor and the site upon which the CID Public Improvements will be constructed; (ii) Creates a new redevelopment project consisting of the design and construction of the CID Public Improvements ("MPEC Redevelopment Project") and a new redevelopment project area in which the CID Public Improvements will be constructed ("MPEC Redevelopment Project Area"), and (iii) adds the costs of designing and constructing the CID Public Improvements as Reimbursable Project Costs under the TIF Plan ("CID Reimbursable Project Costs"); and,

WHEREAS, the MPEC Redevelopment Project Area is also located in the Redevelopment Area for the Eastland Center Tax Increment Financing Plan which was originally adopted by the Independence City Council on January 3, 2000, by Ordinance No. 14393 and amended on December 6, 2004, by Ordinance No. 16283 ("Eastland TIF Plan"); and,

WHEREAS, in accordance with the written procedures relating to bids and proposals for implementation of redevelopment projects, on December 14, 2007, the City published in the *Examiner* a notice of request for proposals and bids, which provided reasonable opportunity for any person to submit proposals and bids for implementation of the MPEC Redevelopment Project as proposed in the TIF Plan Amendment, or alternatives thereto, in compliance with Section 99.820.1(3) of the Revised Statutes of Missouri; and,

WHEREAS, on November 26, 2007, the City mailed written notices of the scheduled Independence Tax Increment Financing Commission ("TIF Commission") public hearing to all taxing districts from which taxable property is included in the Redevelopment Area, in compliance with Section 99.825 and 99.830 of the Revised Statutes of Missouri; and, WHEREAS, on December 14, 2007, the City published notice in the *Examiner* of the scheduled TIF Commission public hearing to consider the merits of the proposed TIF Plan Amendment, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on January 4, 2007, the City again published notice in the *Examiner* of the scheduled TIF Commission public hearing to consider the merits of the proposed TIF Plan Amendment, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on December 27, 2007, the City mailed written notices of the scheduled TIF Commission public hearing to all persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of land lying within the Redevelopment Area, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, notice has been provided to the Director of the Department of Economic Development in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on January 10, 2008, the TIF Commission having heard and considered the objections, protests, comments, and other evidence adduced at the public hearings, closed the public hearing and voted to recommend approval of the TIF Plan Amendment through the adoption of Resolution No. 2008-03; and,

WHEREAS, on February 4, 2008, at a regularly scheduled meeting, the City Council considered the TIF Plan Amendment and the recommendations of the TIF Commission as set forth in the TIF Commission Resolution No. 2008-03; and,

WHEREAS, the City Council, having heard and considered the objections, protests, comments, and other evidence adduced at the meeting, the evidence and testimony submitted at the TIF Commission public hearing, and the recommendation of the TIF Commission as set forth in TIF Commission Resolution No. 2008-03, desires to approve the TIF Plan Amendment, expand the Redevelopment Area, approve a new Redevelopment Project and Redevelopment Project Area within the Redevelopment Area, authorize the issuance of Obligations to implement the new Redevelopment Project, not authorize tax increment allocation financing for the new Redevelopment Project and Redevelopment Project Area pursuant to § 99.845.1, RSMo, and designate the developer for the Redevelopment Project;

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

<u>SECTION 1.</u> That the TIF Plan Amendment, dated December 7, 2007, a copy of which is on file in the Office of the City Clerk, is hereby approved and adopted.

SECTION 2. That the City Council hereby finds that:

A. The findings herein are in addition to the findings made upon adoption of the original TIF Plan.

B. The Redevelopment Area on the whole was declared a Blighted Area pursuant to Ordinance No. 15910 approving the original TIF Plan. The MPEC Redevelopment Project Area was declared a Blighted Area pursuant to Ordinance No. 14393 approving the Eastland TIF Plan, the blight has not yet been cured in the MPEC Redevelopment Project Area, and therefore remains blighted under the TIF Plan.

C. Pursuant to Ordinance No. 15910 approving the original TIF Plan, the Redevelopment Area on the whole was determined to not have been subject to growth and development through investment by private enterprise and to not reasonably be anticipated to be developed without the adoption of tax increment financing due to the substantial cost to ameliorate the blighted conditions of the Redevelopment Area. Pursuant to Ordinance No. 14393 approving the Eastland TIF Plan, the Eastland Redevelopment Area on the whole, which includes the MPEC Redevelopment Project Area, was determined to not have been subject to growth and development through investment by private enterprise and to not reasonably be anticipated to be developed without the adoption of tax increment financing due to the substantial cost to ameliorate the blighted conditions of the Eastland TIF Plan Redevelopment Area, and the MPEC Redevelopment Project Area has not been subject to growth and development through investment by private enterprise since adoption of the TIF Plan.

D. The City's comprehensive plan indicates that the MPEC Redevelopment Project Area should be developed for mixed use. The proposed TIF Plan Amendment will produce mixed use development within the MPEC Redevelopment Project Area, and is consequently in conformance with the City's comprehensive plan.

E. The Ordinance approving the MPEC Redevelopment Project will not be adopted later than ten years from the adoption of the TIF Plan.

F. The estimated date to complete the MPEC Redevelopment Project has been stated in the proposed TIF Plan Amendment and such date is not more than 23 years from the adoption of any Ordinance approving such MPEC Redevelopment Project.

G. In the event CID Obligations (as defined in the proposed TIF Plan Amendment) are issued to finance costs of the CID Public Improvements and other CID Reimbursable Project Costs, it is anticipated that such CID Obligations will be retired as provided by law.

H. No property for the MPEC Redevelopment Project will be acquired by eminent domain.

I. The City has adopted a relocation plan meeting the requirements of Section 523.205 of the Revised Statutes of Missouri which is incorporated by reference into the TIF Plan.

J. The amount of revenues estimated to be received by the Taxing Districts as a result of the original TIF Redevelopment Project is not effected by using revenues captured by the Special Allocation Fund as a result of the imposition of the CID Sales Tax and the payment of either (1) CID Reimbursable Project Costs, or (2) Debt Service on CID Obligations (as those terms are defined in the proposed TIF Plan Amendment), and, therefore, the "Direct Tax-Impact Analysis" attached as <u>Exhibit 8</u> and the "Cost-Benefit Analysis" attached as <u>Exhibit 10</u> to the TIF Plan are unchanged. These analyses show the impact on the economy if the original TIF Redevelopment Project is built and if the original TIF Redevelopment Project is not built pursuant to this TIF Plan, and include a fiscal impact study on every Taxing District and sufficient information showing whether the original TIF Redevelopment Project as proposed is financially feasible. The market/cost-benefit analysis approved with the Eastland TIF Plan is incorporated herein by reference and, along with evidence presented by the Developer of the MPEC Project, provide sufficient information to evaluate and support the financial feasibility of the MPEC Redevelopment Project as part of this TIF Plan.

K. This TIF Plan does not include the initial development or redevelopment of any gambling establishment as defined in the Act.

L. The MPEC Redevelopment Project Area selected for the MPEC Redevelopment Project includes only those parcels of real property and improvements directly and substantially benefited by the proposed MPEC Redevelopment Project.

<u>SECTION 3.</u> That the Redevelopment Area is expanded to include the tracts of land described in Exhibit A attached hereto.

<u>SECTION 4.</u> That the area selected for the MPEC Redevelopment Project as described in Exhibit A attached hereto is approved and designated as the MPEC Redevelopment Project Area. Tax increment

allocation financing pursuant to § 99.845.1, RSMo, is not adopted for the MPEC Redevelopment Project and the MPEC Redevelopment Project Area.

<u>SECTION 5.</u> That the MPEC Redevelopment Project to be developed in the MPEC Redevelopment Project Area is approved and includes only those parcels of real property and improvements thereon which will be directly and substantially benefited by the CID Public Improvements as set forth in the TIF Plan Amendment.

<u>SECTION 6.</u> That the City of Independence, Missouri, is hereby designated as the developer for the MPEC Redevelopment Project.

<u>SECTION 7.</u> That the City is authorized to issue obligations to fund the CID Public Improvements identified in the TIF Plan Amendment.

SECTION 8. That the City Manager, City Attorney, the City's special legal counsel, the City Clerk, and any other City officials are hereby authorized to take any action as may be deemed necessary or convenient to carry out and comply with the intent of this Ordinance, to execute and deliver for and on behalf of the City all certificates, instruments or other documents as may be necessary, desirable, convenient or proper to perform all matters herein authorized, and to create those funds and accounts required by the TIF Act to implement the TIF Plan Amendment.

SECTION 9. That this ordinance shall be in full force and effect from and after the date of its passage and approval.

PASSED THIS <u>19th</u> DAY OF <u>FEBRUARY</u>, 2008, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

Presiding Officer of the City Council of the City of Independence, Missouri

ATTEST:

AND LEGALITY:

City Counselor

**REVIEWED BY:** 

## EXHIBIT A

## TRACT 1

All of the North ½, the South ½, including that portion thereof platted as Lots 1, 2, 3 and 4, of the Commissioners Plat of Bannister Estate filed for record April 1, 1915 and recorded in Book 337 at Page 260 of Section 29, Township 49, Range 31 and that part of the North ½ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70, Easterly of and adjacent to the Easterly right of way of Interstate Route I-70, Easterly of and adjacent to the Easterly right of way of Interstate Route I-470; Northerly of and adjacent to the Northerly right of way of U.S. Highway No. 40; and Westerly and Northerly of the Westerly boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson, Missouri, as set forth in the Report of Commissioners thereof filed for record as Document No. I-260485 in Book I-706 at Page 519. Excepting from said Tract I that part conveyed to the State of Missouri by the instrument recorded as Document No. 98-I-76205 in Book I-3281, at Page 2109, and further excepting therefrom that part in the Little Blue River and except any part in roads, if any.

## TRACT II

All that part of the Northwest 1/4 of the Northwest 1/4 of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70 and East of and adjacent to the Easterly Boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson County, Missouri, as set forth in the Report of Commissioners thereof, filed for record as Document No. I-260485, in Book I-706, at Page 519, and that portion of the Northeast ¼ of the Northeast ¼ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70; West of the West right of way of Selsa Road and North of a line described as follows: Beginning at a point 100 feet West of and 168.01 feet South of the Northeast corner of the South <sup>1</sup>/<sub>2</sub> of the Northeast <sup>1</sup>/<sub>4</sub> of the Northeast <sup>1</sup>/<sub>4</sub> of said Section 28 thence in a Southwesterly direction along the center line of Crackerneck Road as follows: South 38 degrees 19 1/2 minutes West 110.53 feet; thence South 78 degrees 18 ½ minutes West 178.33 feet; thence South 70 degrees 39 ½ minutes West 191.35 feet; thence South 58 degrees 39 1/2 minutes West 164 feet; thence South 72 degrees 6 minutes West 103.96 feet; thence North 82 degrees 32 minutes West 92.14 feet; then North 73 degrees 14 1/2 minutes West 170 feet; thence South 72 degrees 24 minutes West to 251.43 feet; thence South 83 degrees 8 minutes West 59.81 feet to the West line of the Northeast 1/4 of the Northwest 1/4 of said Section 28, (last said line taken from Warranty Deed recorded as Document No. 837302 in Book 1694, at Page 483), except that part in roads.

Excepting from Tract II above that part thereof taken in Condemnation Suite CV97-9441 in Circuit Court of Jackson County, Missouri as set forth in the Report of Commissioners therein filed in the Court on July 7, 1997.

#### RIGHT-OF-WAY

A tract of land located in the City of Independence, Jackson County, Missouri, more particularly described as follows: Beginning at the Northwest corner of Lot 11-B, INDEPENDENCE CENTER, REPLAT OF LOT 11, a subdivision in Independence, Jackson County, Missouri, also being on the North right-of-way line of the Northbound onramp to M-291 Highway; thence Southeast along said North right-of-way line to its intersection with the North right-of-way line of Interstate 70; thence East along said North right-of-way line to its intersection with the West right-of-way line of Little Blue Parkway; thence North along the West right-of-way line of Little Blue Parkway to its intersection with the North right-of-way line of 39<sup>th</sup> Street as shown on the Plat of CENTERPOINT MEDICAL CENTER OF INDEPENDENCE, a subdivision in Independence, Jackson County, Missouri; thence continuing North along the West right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Little Blue Parkway to its intersection with the South right-of-way line of the Littl

line of 37<sup>th</sup> Terrace Court South; thence Northwest along the South line of said right-of-way line to the North line of Lot 1, CENTERPOINT MEDICAL CENTER OF INDEPENDENCE; thence East along the North line of said plat to its intersection with the North right-of-way line of 37<sup>th</sup> Terrace Court South; thence Southeast along said North right-of-way line to its intersection with the West right-of-way line of the Little Blue Parkway; thence North along said West right-of-way line to the North line of the said plat to its intersection with the East right-of-way line of the Little Blue Parkway; thence North along said West right-of-way line to the North line of the said plat of CENTERPOINT MEDICAL CENTER OF INDEPENDENCE; thence East along the North line of said plat to its intersection with the East right-of-way line of the Little Blue Parkway; thence South along said East right-of-way line to its intersection with the North right-of-way line of Interstate 70; thence East along said North right-of-way line to its intersection with the West line of the Northeast Quarter of the Northeast Quarter of Section 28, Township 49 North, Range 31 West; thence South along the West line of said quarter quarter to its intersection with the South right-of-way line of Interstate 70; thence West along said South right-of-way line to its intersection with the West line of Interstate 70; thence West along said South right-of-way line to its intersection with the West line of Interstate 70; thence West along said South right-of-way line to its intersection with the West line of the Northeast Quarter of Section 29, Township 49 North, Range 31 West; leaving said right-of-way line and said West quarter line to the Point of Beginning

STATE OF MISSOURI ) COUNTY OF JACKSON ) CITY OF INDEPENDENCE )

I, Bruce Lowrey, City Clerk of Independence, Missouri, do hereby certify

that this document is a true copy of Ordinance No. 16943 of the City of Independence, Missouri.

Witness my hand and seal of said City hereto affixed this 25th day of March, 2008.

Bruce Lowrey, City Clerk

Eastiand Center TIF Plan-2nd Amendment Approval 1/30/08-bl

## BILL NO. \_\_\_\_\_08-27\_\_\_\_

## ORDINANCE NO. 16946

# AN ORDINANCE APPROVING THE SECOND AMENDMENT TO THE EASTLAND CENTER TAX INCREMENT FINANCING PLAN.

WHEREAS, the Eastland Center Tax Increment Financing Plan was adopted by the Independence City Council on January 3, 2000, by Ordinance No. 14393 and amended on December 6, 2004 by Ordinance No. 16283 ("TIF Plan"); and,

WHEREAS, the Independence Events Center Community Improvement District ("CID") was created in Independence on December 20, 2007, covering an area that includes the entire Redevelopment Area for the TIF Plan; and,

WHEREAS, the CID is expected to impose a sales tax on all eligible sales made within the CID ("CID Sales Tax"), which will facilitate development of the TIF Redevelopment Area and surrounding areas by contributing to the financing for the design and construction of certain CID public improvements, which include a multi-purpose events center, supporting public infrastructure, and property acquisition costs ("CID Public Improvements"); and,

WHEREAS, a proposed Second Amendment to the TIF Plan ("TIF Plan Amendment") was submitted to the City Clerk on December 12, 2007; and,

WHEREAS, the proposed TIF Plan Amendment: (i) Creates a new project consisting of the design and construction of the CID Public Improvements, which is not a new redevelopment project as defined in § 99.805, RSMo, but rather is part of the Redevelopment Project that was originally approved by the TIF Plan Ordinance and is intended to describe a change in land use from the original TIF Plan and Redevelopment Project and to facilitate the use of CID Sales Tax revenues pursuant to the TIF Plan Amendment ("MPEC Project") and a new project area in which the CID Public Improvements will be constructed ("MPEC Project Area"); and (ii) adds the costs of designing and constructing the CID Public Improvements as Reimbursable Project Costs under the TIF Plan ("CID Reimbursable Project Costs"); and,

WHEREAS, in accordance with the written procedures relating to bids and proposals for implementation of redevelopment projects, on December 14, 2007, the City published in the *Examiner* a notice of request for proposals and bids, which provided reasonable opportunity for any person to submit proposals and bids for implementation of the MPEC Redevelopment Project as proposed in the TIF Plan Amendment, or alternatives thereto, in compliance with Section 99.820.1(3) of the Revised Statutes of Missouri; and,

WHEREAS, on November 26, 2007, the City mailed written notices of the scheduled Independence Tax Increment Financing Commission ("TIF Commission") public hearing to all taxing districts from which taxable property is included in the Redevelopment Area, in compliance with Section 99.825 and 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on December 14, 2007, the City published notice in the *Examiner* of the scheduled TIF Commission public hearing to consider the merits of the proposed TIF Plan Amendment, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on January 4, 2008, the City again published notice in the *Examiner* of the scheduled TIF Commission public hearing to consider the merits of the proposed TIF Plan Amendment, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

1

WHEREAS, on January 2, 2008, the City mailed written notices of changes to the TIF Plan to all taxing districts from which taxable property is included in the Redevelopment Area, in compliance with Section 99.825 of the Revised Statutes of Missouri; and,

WHEREAS, on December 27, 2007, the City mailed written notices of the scheduled TIF Commission public hearing to all persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of land lying within the Redevelopment Area, in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, notice has been provided to the Director of the Department of Economic Development in compliance with Section 99.830 of the Revised Statutes of Missouri; and,

WHEREAS, on January 10, 2008, the TIF Commission having heard and considered the objections, protests, comments, and other evidence adduced at the public hearings, closed the public hearing and voted to recommend approval of the TIF Plan Amendment through the adoption of Resolution No. 2008-01; and,

WHEREAS, on February 4, 2008, at a regularly scheduled meeting, the City Council considered the TIF Plan Amendment and the recommendations of the TIF Commission as set forth in the TIF Commission Resolution No. 2008-01; and,

WHEREAS, the City Council, having heard and considered the objections, protests, comments, and other evidence adduced at the meeting, the evidence and testimony submitted at the TIF Commission public hearing, and the recommendation of the TIF Commission as set forth in TIF Commission Resolution No. 2008-01, desires to approve the TIF Plan Amendment, approve a new project and project area within the Redevelopment Area, authorize the issuance of Obligations to implement the new project, and designate the developer for the project;

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

<u>SECTION 1.</u> That the TIF Plan Amendment, dated December 7, 2007, a copy of which is on file in the Office of the City Clerk, is hereby approved and adopted.

SECTION 2. That the City Council hereby finds that:

A. The findings herein are in addition to the findings made upon adoption of the original TIF Plan.

B. The Redevelopment Area on the whole was declared a Blighted Area pursuant to Ordinance No. 14393 approving the original TIF Plan. The Redevelopment Area includes the MPEC Project Area, the blight has not yet been cured in the MPEC Project Area, and therefore remains blighted under the TIF Plan.

C. Pursuant to Ordinance No. 14393 approving the original TIF Plan, the Redevelopment Area on the whole was determined to not have been subject to growth and development through investment by private enterprise and to not reasonably be anticipated to be developed without the adoption of tax increment financing due to the substantial cost to ameliorate the blighted conditions of the Redevelopment Area. The Redevelopment Area includes the MPEC Project Area and the MPEC Project Area has not been subject to growth and development through investment by private enterprise since adoption of the TIF Plan.

2

D. The City's comprehensive plan indicates that the MPEC Project Area should be developed for mixed use. The proposed TIF Plan Amendment will produce mixed use development within the MPEC Project Area, and is consequently in conformance with the City's comprehensive plan.

E. The Ordinance approving the MPEC Project will not be adopted later than ten years from the adoption of the TIF Plan.

F. The estimated date to complete the MPEC Project has been stated in the proposed TIF Plan Amendment and such date is not more than 23 years from the adoption of any Ordinance approving such the original Redevelopment Project.

G. In the event CID Obligations (as defined in the proposed TIF Plan Amendment) are issued to finance costs of the CID Public Improvements and other CID Reimbursable Project Costs, it is anticipated that such CID Obligations will be retired as provided by law.

H. No property for the MPEC Project will be acquired by eminent domain.

I. The City has adopted a relocation plan meeting the requirements of Section 523.205 of the Revised Statutes of Missouri which is incorporated by reference into the TIF Plan.

J. The amount of revenues estimated to be received by the Taxing Districts as a result of the original Redevelopment Project is not effected by using revenues captured by the Special Allocation Fund as a result of the imposition of the CID Sales Tax and the payment of either (1) CID Reimbursable Project Costs, or (2) Debt Service on CID Obligations. The tax-impact analysis and the cost-benefit analysis attached to the original TIF Plan show the impact on the economy if the original Redevelopment Project is built and if the original Redevelopment Project is not built pursuant to the TIF Plan, and include a fiscal impact study on every Taxing District and sufficient information to evaluate whether the original Redevelopment Project as proposed is financially feasible. The revenues estimated to be received by the Taxing Districts within the MPEC Project Area after adoption of the TIF Plan Amendment, other than as generated by the CID Sales Tax, is set forth in Exhibit 7-B to the TIF Plan Amendment. The market/cost-benefit analysis approved with the TIF Plan, along with evidence presented by the Developer of the MPEC Project, provide sufficient information to evaluate and support the financial feasibility of the MPEC Project.

K. This TIF Plan does not include the initial development or redevelopment of any gambling establishment as defined in the Act.

L. The MPEC Project Area selected for the MPEC Project includes only those parcels of real property and improvements directly and substantially benefited by the proposed MPEC Project.

<u>SECTION 3.</u> The area selected for the MPEC Project as described in Exhibit A attached hereto is approved and designated as the MPEC Project Area.

<u>SECTION 4.</u> The MPEC Project to be developed in the MPEC Project Area is approved and includes only those parcels of real property and improvements thereon which will be directly and substantially benefited by the CID Public Improvements as set forth in the TIF Plan Amendment.

<u>SECTION 5.</u> The City of Independence, Missouri, is hereby designated as the developer for the MPEC Project.

<u>SECTION 6.</u> The City is authorized to issue obligations to fund the CID Public Improvements identified in the TIF Plan Amendment.

3

<u>SECTION 7.</u> The City Manager, City Attorney, the City's special legal counsel, the City Clerk, and any other City officials are hereby authorized to take any action as may be deemed necessary or convenient to carry out and comply with the intent of this Ordinance, to execute and deliver for and on behalf of the City all certificates, instruments or other documents as may be necessary, desirable, convenient or proper to perform all matters herein authorized, and to create those funds and accounts required by the TIF Act to implement the TIF Plan Amendment.

SECTION 8. This ordinance shall be in full force and effect from and after the date of its passage and approval.

PASSED THIS <u>19th</u> DAY OF <u>FEBRUARY</u>, 2008, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

Presiding Officer of the City Council of the City of Independence, Missouri

ATTEST:

ma

APPROVED - FORMAND LEGALITY:

**REVIEWED BY:** 

Manager

### TRACT I

All of the North ½, the South ½, including that portion thereof platted as Lots 1, 2, 3 and 4, of the Commissioners Plat of Bannister Estate filed for record April 1, 1915 and recorded in Book 337 at Page 260 of Section 29, Township 49, Range 31 and that part of the North ½ of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70, Easterly of and adjacent to the Easterly right of way of Interstate Route I-70, Easterly of the Northerly right of way of U.S. Highway No. 40; and Westerly and Northerly of the Westerly boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson, Missouri, as set forth in the Report of Commissioners thereof filed for record as Document No. I-260485 in Book I-706 at Page 519. Excepting from said Tract I that part conveyed to the State of Missouri by the instrument recorded as Document No. 98-I-76205 in Book I-3281, at Page 2109, and further excepting therefrom that part in the Little Blue River and except any part in roads, if any.

## TRACT II

;

All that part of the Northwest <sup>1</sup>/<sub>4</sub> of the Northwest <sup>1</sup>/<sub>4</sub> of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70 and East of and adjacent to the Easterly Boundary of that certain parcel of land taken in Condemnation Suit CV76-0876 in the Circuit Court of Jackson County, Missouri, as set forth in the Report of Commissioners thereof, filed for record as Document No. I-260485, in Book I-706, at Page 519, and that portion of the Northeast 1/4 of the Northeast 1/4 of Section 28, Township 49, Range 31, in Independence, Jackson County, Missouri, that lies South of and adjacent to the Southerly right of way of Interstate Route I-70; West of the West right of way of Selsa Road and North of a line described as follows: Beginning at a point 100 feet West of and 168.01 feet South of the Northeast corner of the South 1/2 of the Northeast 1/4 of the Northeast 1/4 of said Section 28 thence in a Southwesterly direction along the center line of Crackerneck Road as follows: South 38 degrees 19 1/2 minutes West 110.53 feet; thence South 78 degrees 18 <sup>1</sup>/<sub>2</sub> minutes West 178.33 feet; thence South 70 degrees 39 <sup>1</sup>/<sub>2</sub> minutes West 191.35 feet; thence South 58 degrees 39 <sup>1</sup>/<sub>2</sub> minutes West 164 feet; thence South 72 degrees 6 minutes West 103.96 feet; thence North 82 degrees 32 minutes West 92.14 feet; then North 73 degrees 14 1/2 minutes West 170 feet; thence South 72 degrees 24 minutes West to 251.43 feet; thence South 83 degrees 8 minutes West 59.81 feet to the West line of the Northeast ¼ of the Northwest ¼ of said Section 28, (last said line taken from Warranty Deed recorded as Document No. 837302 in Book 1694, at Page 483), except that part in roads.

Excepting from Tract II above that part thereof taken in Condemnation Suite CV97-9441 in Circuit Court of Jackson County, Missouri as set forth in the Report of Commissioners therein filed in the Court on July 7, 1997.

STATE OF MISSOURI ) COUNTY OF JACKSON ) CITY OF INDEPENDENCE )

I, Bruce Lowrey, City Clerk of Independence, Missouri, do hereby certify

that this document is a true copy of Ordinance No. <u>16946</u> of the City of Independence, Missouri.

Witness my hand and seal of said City hereto affixed this 25th day of March, 2008.

Bruce Lowrey, City Clerk