

NEW ISSUE
Book-Entry Only

S&P Rating: AA-
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 Series 2009 Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal and Missouri income tax purposes, except as described in this Official Statement, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Series 2009 Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" in this Official Statement.

\$14,500,000
CITY OF BLUE SPRINGS, MISSOURI
SPECIAL OBLIGATION BONDS
(ADAMS FARM PROJECT)
SERIES 2009

Dated: Date of Delivery

Due: See Inside Cover

The Series 2009 Bonds are issuable only as fully registered Bonds without coupons. Purchases of the Series 2009 Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Series 2009 Bonds will be paid from moneys available therefor under the Indenture (herein defined) by UMB Bank, N.A., Kansas City, Missouri, as Trustee (the "Trustee"). Interest on the Series 2009 Bonds will be payable semiannually on each June 1 and December 1, beginning December 1, 2009.

The Series 2009 Bonds are being issued by the City of Blue Springs, Missouri (the "City"), pursuant to a Trust Indenture dated as of September 1, 2009 by and between the City and the Trustee (the "Indenture"). The Series 2009 Bonds are limited obligations of the City, payable solely from Net Revenues and Pledged Revenues (each as described herein). The application of certain revenues to the payment of the Series 2009 Bonds, as described herein, is subject to annual appropriation by various entities.

THE SERIES 2009 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY OR THE STATE OF MISSOURI (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2009 BONDS. THE ISSUANCE OF THE SERIES 2009 BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

The Series 2009 Bonds involve risks, and prospective purchasers should read the section herein captioned "BONDOWNERS' RISKS." The Series 2009 Bonds may not be suitable investments for all persons, and prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2009 Bonds, should confer with their own legal and financial advisors and should be able to bear the risk of loss of their investment in the Series 2009 Bonds before considering a purchase of the Series 2009 Bonds.

The Series 2009 Bonds are subject to redemption prior to maturity in certain circumstances, as described herein. See "THE SERIES 2009 BONDS – Redemption Provisions" herein.

The Series 2009 Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed upon for the City by Robert McDonald, City Attorney and Williams & Campo, P.C., Lee's Summit, Missouri, special counsel to the City. Certain legal matters will be passed upon for the Developer by The Katz Law Firm, Overland Park, Kansas and Lewis Rice & Fingersh, L.C., Kansas City, Missouri. It is expected that the Series 2009 Bonds will be available for delivery on or about September 10, 2009.

PiperJaffray®

The date of this Official Statement is August 27, 2009.

\$14,500,000
CITY OF BLUE SPRINGS, MISSOURI
SPECIAL OBLIGATION BONDS
(ADAMS FARM PROJECT)
SERIES 2009

MATURITY SCHEDULE

SERIAL BONDS

<u>Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
2010	\$460,000	3.000%	102.058%
2011	475,000	3.000	103.024
2012	510,000	3.000	103.074
2013	540,000	3.000	102.638
2014	575,000	3.000	101.499
2015	605,000	3.000	100.093*
2016	645,000	3.125	99.070
2017	680,000	3.375	98.827
2018	725,000	3.625	98.721
2019	530,000	4.000	100.088*
2020	330,000	4.000	98.836
2021	350,000	4.125	98.624
2022	375,000	4.250	98.502
2023	400,000	4.250	97.799
2024	430,000	4.375	97.978

TERM BONDS

<u>Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
2029	\$2,610,000	4.750%	97.206%
2034	2,035,000	5.125	97.572
2039	2,225,000	5.250	98.648

*Priced to the call date.

CITY OF BLUE SPRINGS, MISSOURI

903 W. Main
Blue Springs, Missouri 64015

MAYOR

Carson Ross

CITY COUNCIL

Kent Edmondson
Ronald Fowler
Jeannie Lauer
Sissy Reed
Lyle Shaver
Sheila Solon

CITY ADMINISTRATOR

Eric Johnson

ASSISTANT CITY ADMINISTRATOR

Todd Pelham

FINANCE DIRECTOR

Christine Cates

CITY ATTORNEY

Robert McDonald

SPECIAL COUNSEL TO THE CITY

Williams & Campo, P.C.
Lee's Summit, Missouri

TRUSTEE

UMB Bank, N.A.
Kansas City, Missouri

BOND COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

UNDERWRITER

Piper Jaffray & Co.
Leawood, Kansas

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

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

**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. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE THOSE DISCUSSED IN THE “BONDOWNERS’ RISKS” SECTION OF THIS OFFICIAL STATEMENT. NEITHER THE CITY NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

\$14,500,000

CITY OF BLUE SPRINGS, MISSOURI SPECIAL OBLIGATION BONDS (ADAMS FARM PROJECT) SERIES 2009

INTRODUCTION

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

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (1) the City of Blue Springs, Missouri (the “City”), (2) the City’s Special Obligation Bonds (Adams Farm Project) Series 2009 (the “Series 2009 Bonds” and, together with any Additional Bonds as described herein under the caption “**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS—Additional Bonds,**” the “Bonds”), (3) The Adams Farm Transportation Development District (the “Adams Farm TDD”), The I-70 and Adams Dairy Parkway Transportation Development District (the “Home Depot TDD”) and The Coronado Drive Transportation Development District (the “Walmart TDD” and, collectively, the “Transportation Development Districts”) and (4) a retail development, known as Adams Dairy Landing (“Adams Dairy Landing”), developed by Blue Springs Development Three, Inc., a Missouri corporation, all pursuant to the Adams Farm Tax Increment Financing Plan (the “Redevelopment Plan”) adopted by the City Council of the City on February 20, 2007. For the definition of certain capitalized terms used herein and not otherwise defined, see “**Appendix D – Definitions; Summary of the Principal Documents**” hereto.

The City

The issuer of the Bonds is the City of Blue Springs, Missouri, a political subdivision of the State of Missouri. The City, located in Jackson County, Missouri, is a constitutional charter city. See **Appendices A and B** for additional information with respect to the City.

The Transportation Development Districts

Each of the Transportation Development Districts is a political subdivision of the State of Missouri. See the caption “**THE TRANSPORTATION DEVELOPMENT DISTRICTS**” herein.

The Series 2009 Bonds

The Series 2009 Bonds are being issued pursuant to the City’s Charter, the Constitution and laws of the State of Missouri and the Trust Indenture dated as of September 1, 2009 (the “Indenture”) between the City and UMB Bank, N.A., Kansas City, Missouri (the “Trustee”) for the purpose of providing funds to (a) finance certain redevelopment project costs, (b) fund a debt service reserve for the Series 2009 Bonds, (c) fund capitalized interest on the Series 2009 Bonds, and (d) pay the costs of issuance of the Series 2009 Bonds. A description of the Series 2009 Bonds is contained in this Official Statement under the caption “**THE SERIES 2009 BONDS.**” All references to the Series 2009 Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Indenture.

The Series 2009 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2009 BONDS – Redemption Provisions” herein.

Security for the Bonds

The Bonds and the interest thereon are limited obligations of the City, payable solely from Net Revenues and Pledged Revenues. “Net Revenues” means all moneys on deposit (including investment earnings thereon) in (a) the Pilots Account of the Special Allocation Fund pledged to the payment of the Bonds, (b) subject to annual appropriation, the Economic Activity Tax Account of the Special Allocation Fund, (c) the TDD Revenues appropriated and paid by or on behalf of the Adams Farm TDD, the Home Depot TDD and the Walmart TDD to the Trustee as provided in the Indenture, and (d) the City Payments appropriated and paid by the City to the Trustee as provided in the Indenture. Net Revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the City which is the subject of a suit or other claim communicated to the City which suit or claim challenges the collection of such sum. “Pledged Revenues” means all Net Revenues and all moneys held in the Project Fund, the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Surplus Fund under the Indenture, together with investment earnings thereon. “City Payments” means the payments by the City, if any, required to be paid in accordance with the Indenture to provide funds to pay Debt Service Requirements for the Bonds if all other Net Revenues are insufficient for such purpose. See **“SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Revenues”** herein.

Because the TIF Act provides that 23 years is the maximum amount of time for the retirement of obligations incurred to finance redevelopment project costs, the obligation of the City to transfer Economic Activity Tax Revenues and Payments in Lieu of Taxes to the Trustee for the repayment of the Series 2009 Bonds terminates on December 14, 2031 whether or not the principal amount thereof or interest thereon has been paid in full. Thereafter, the revenues available for repayment of the Series 2009 Bonds, subject to appropriation by the appropriate entity, will be the TDD Revenues¹ and the City Payments.

The Series 2009 Bonds will be secured by an annual appropriation covenant pursuant to which the City agrees to budget and appropriate sufficient moneys from the City’s general fund to pay all City Payments. If the City continues to appropriate such moneys, the City’s obligations to make City Payments will be payable from all moneys in the City’s general fund for that Fiscal Year, plus any unencumbered balances from previous years. The taxing power of the City is not pledged to the payment of the City Payments. There can be no assurances that the City will appropriate such City Payments in any year and the Indenture does not obligate the City to do so. See **“SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – City Annual Appropriation Obligation”** herein.

A Debt Service Reserve Fund will be initially funded in the amount of \$1,023,178.83 as additional security for the Series 2009 Bonds. It is anticipated that the Business Interruption Account of the Debt Service Reserve Fund for the Series 2009 Bonds will be funded over time until the amount in the Business Interruption Account of the Debt Service Reserve Fund also equals \$1,023,178.83. See **“SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – Indenture Funds and Accounts”** herein.

The Bonds are not secured by a mortgage on any property in the Redevelopment Area. However, The Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 *et seq.* of the Revised Statutes of Missouri, as amended (the “TIF Act”) provides that the Payments in Lieu of Taxes that are due and owing shall

¹ Two of the three transportation development districts’ sales tax are imposed for only ten years. See **“THE TRANSPORTATION DEVELOPMENT DISTRICTS – I-70 and Adams Dairy Parkway Transportation Development District”** and **“ – Coronado Drive Transportation Development District”** herein.

constitute a lien against the real estate in the Redevelopment Area from which they are derived. Upon a default in the payment of any Payments in Lieu of Taxes, the lien for such unpaid Payments in Lieu of Taxes may be enforced as provided by law. See the caption “**TAX INCREMENT FINANCING IN MISSOURI – Assessments and Collections of Ad Valorem Taxes.**”

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

Upon satisfaction of the conditions set forth in the Indenture, Additional Bonds may be issued on a parity with the Series 2009 Bonds. See the caption “**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – Additional Bonds**” herein.

Revenue Study

Canyon Research Southwest, Inc., Tempe, Arizona (“Canyon”), has prepared a study entitled “Tax Increment Financing Revenue Study” dated April 20, 2009 (the “Revenue Study”). A copy of the Revenue Study is attached hereto as **Appendix C**. See the caption “**REVENUE STUDY**” herein. The City makes no representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Revenue Study.

Under State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed. The Revenue Study assumes that all taxpayers will be entitled to retain the 2%.

Bondowners’ Risks

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

Definitions and Summary of the Indenture and Additional Information

Definitions of certain words and terms used in this Official Statement and a summary of certain provisions of the Indenture are included in this Official Statement in **Appendix D** hereto. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to the definitive form of such document, a copy of which may be obtained from Piper Jaffray & Co., One Hallbrook Place, 11150 Overbrook Road, Suite 310, Leawood, Kansas 66211-2298.

Continuing Disclosure

The City will covenant in the Continuing Disclosure Agreement to provide certain financial information relating to the City by not later than 180 days after the end of each fiscal year of the City, commencing with the fiscal year ending September 30, 2009, and to provide notices of the occurrence of certain enumerated events, if deemed by the City to be material. See the caption “Continuing Disclosure” in **Appendix D** herein.

THE SERIES 2009 BONDS

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

Authorization; Description of the Bonds

The Bonds are being issued pursuant to and in full compliance with the City's Charter, the Constitution and statutes of the State of Missouri. The Bonds will be issuable as fully registered bonds, without coupons. Purchases of the Series 2009 Bonds will be made in book-entry form only (as described below) in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Series 2009 Bonds will not receive certificates representing their interests in the Series 2009 Bonds purchased. The Series 2009 Bonds will be dated as of the date of initial issuance and delivery thereof, and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. The Series 2009 Bonds will bear interest at the rates per annum set forth on the inside cover page hereof, which interest will be payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2009.

Registration, Transfer and Exchange of Bonds

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

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

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee 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 Code, such amount may be deducted by the Trustee from amounts otherwise payable to such registered owner under the Indenture or under the Bonds.

Redemption Provisions

Optional Redemption. The Series 2009 Bonds are subject to optional redemption by the City in whole or in part at any time on or after December 1, 2014, at a redemption price equal to 100% of the principal amount of Series 2009 Bonds to be redeemed, plus accrued interest to the redemption date.

Extraordinary Redemption in Full. The Series 2009 Bonds are subject to extraordinary optional redemption by the City in whole but not in part at any time upon the issuance by the City of bonds or other obligations to refund the Series 2009 Bonds which refunding bonds or obligations are **not** secured by City

Payments, at a redemption price equal to 100% of the principal amount of Series 2009 Bonds to be redeemed, plus accrued interest to the redemption date.

Mandatory Redemption. The Series 2009 Bonds maturing on December 1, 2029, December 1, 2034 and December 1, 2039 are subject to mandatory sinking fund redemption and payment prior to stated maturity on December 1 in each year, at 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium, in accordance with the mandatory sinking fund schedule determined as set forth below:

Term Bonds Maturing on March 1, 2029

<u>Year</u>	<u>Principal Amount</u>
2025	\$455,000
2026	490,000
2027	520,000
2028	555,000
2029 [†]	590,000

[†] Final Maturity

Term Bonds Maturing on March 1, 2034

<u>Year</u>	<u>Principal Amount</u>
2030	\$630,000
2031	670,000
2032	230,000
2033	245,000
2034 [†]	260,000

[†] Final Maturity

Term Bonds Maturing on March 1, 2039

<u>Year</u>	<u>Principal Amount</u>
2035	275,000
2036	295,000
2037	315,000
2038	335,000
2039 [†]	1,005,000

[†] Final Maturity

The Trustee shall make timely selection of such Series 2009 Bonds or portions thereof to be so redeemed in Authorized Denominations of principal amount in such equitable manner as the Trustee may determine and shall give notice thereof without further instructions from 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 Series 2009 Bonds to the Trustee for cancellation in the aggregate principal amount desired; or (2) furnish to the Trustee moneys, together with appropriate instructions, for the purpose of purchasing any 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; or (3) elect to

receive a credit in respect to the mandatory redemption obligation under the Indenture for any Series 2009 Bonds which prior to such date have been redeemed (other than through the operation of the mandatory sinking fund requirements of the Indenture) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under the Indenture. Each Series 2009 Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation to redeem Series 2009 Bonds on the next mandatory redemption date applicable to Series 2009 Bonds 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 Series 2009 Bonds in chronological order or such other order as the City may designate, and the principal amount of Series 2009 Bonds to be redeemed on such future mandatory redemption dates by operation of the requirements of the Indenture shall be reduced accordingly. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3), the City will, on or before the 45th day next preceding the applicable mandatory redemption date, furnish the Trustee a certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with in respect to such mandatory redemption payment.

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in Authorized Denominations. When less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, such Bonds or portions of Bonds to be redeemed shall be selected in Authorized Denominations by the Trustee from such maturities and in such amounts as the City may determine.

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

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

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the redemption notices specified in the Indenture only 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 to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

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

Payment and Discharge Provisions

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

Defeasance Provisions

Bonds shall be deemed to be paid within the meaning of the Indenture when payment of the principal on such Bonds, plus premium, if any, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (1) has been made or caused to be made in accordance with the terms of the Indenture, or (2) provision therefor has been made by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) non-callable Government Securities maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and the Trustee shall have received an opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such deposit of interest on any Bonds will not result in the interest on any Bonds then Outstanding and exempt from taxation for federal income tax purposes becoming subject to federal income taxes then in effect and that all conditions precedent to the satisfaction of the Indenture have been met. At such time as a Bond is deemed to be paid under the Indenture as aforesaid, such Bond shall no longer be secured by or be entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Securities.

Book-Entry Only System

General. The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the "Book-Entry System") maintained by The Depository Trust Company ("DTC"), New York, New York.

The following information concerning DTC and DTC's book-entry system has been obtained from DTC. The City takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may

be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

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 and will be deposited with DTC or the Trustee as its 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 Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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.

Purchases 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 Securities, 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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.

Redemption notices will 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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal, Redemption Price and Interest. Payments of principal of, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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 System. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

If the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), bond certificates may be delivered to Beneficial Owners in the manner described in the Indenture.

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS

Limited Obligations; Sources of Payment

The Bonds and the interest thereon are limited obligations of the City, payable solely from Net Revenues and Pledged Revenues. "Net Revenues" means all moneys on deposit (including investment earnings thereon) in (a) the Pilots Account of the Special Allocation Fund pledged to the payment of the Bonds, (b) subject to annual appropriation, the Economic Activity Tax Account of the Special Allocation Fund, (c) the TDD Revenues appropriated and paid by or on behalf of the Adams Farm TDD, the Home Depot TDD and the Walmart TDD to the Trustee as provided in the Indenture, and (d) the City Payments appropriated and paid by the City to the Trustee as provided in the Indenture. Net Revenues do not include (i) any amount paid under

protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the City which is the subject of a suit or other claim communicated to the City which suit or claim challenges the collection of such sum. “Pledged Revenues” means all Net Revenues and all moneys held in the Project Fund, the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Surplus Fund under the Indenture, together with investment earnings thereon. “City Payments” means the payments by the City, if any, required to be paid in accordance with the Indenture to provide funds to pay Debt Service Requirements for the Bonds.

Because the TIF Act provides that 23 years is the maximum amount of time for the retirement of obligations incurred to finance redevelopment project costs, the obligation of the City to transfer Economic Activity Tax Revenues and Payments in Lieu of Taxes to the Trustee for the repayment of the Series 2009 Bonds terminates on December 14, 2031 whether or not the principal amount thereof or interest thereon has been paid in full. Thereafter, the revenues available for repayment of the Series 2009 Bonds, subject to appropriation by the appropriate entity, will be the TDD Revenues¹ and the City Payments.

The Bonds are not secured by a mortgage on any property in the Redevelopment Area. However, the TIF Act provides that the Payments in Lieu of Taxes that are due and owing shall constitute a lien against the real estate in the Redevelopment Area from which they are derived. Upon a default in the payment of any Payments in Lieu of Taxes, the lien for such unpaid Payments in Lieu of Taxes may be enforced as provided by law. See the caption “**TAX INCREMENT FINANCING IN MISSOURI – Assessments and Collections of Ad Valorem Taxes**” herein.

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

Revenues

Moneys in the Special Allocation Fund shall be paid by the City on the tenth day of each month (or the next Business Day thereafter if the tenth day is not a Business Day) to the Trustee, with (A) all Net Revenues as of the last day of the preceding month consisting of Payments in Lieu of Taxes to be deposited into the PILOTS Account of the Revenue Fund, and (B) subject to annual appropriation by the City, all Net Revenues as of the last day of the preceding month consisting of Economic Activity Tax Revenues to be deposited into the EATS Account of the Revenue Fund. The Trustee shall notify the City and the Original Purchaser if the Trustee has not received such Net Revenues on or before the 12th calendar day of each month (or the next Business Day thereafter if the 12th day is not a Business Day).

Any TDD Revenues collected by the Adams Farm TDD, the Home Depot TDD and the Walmart TDD appropriated and paid to the Trustee for the Debt Service Requirements on Bonds Outstanding shall be paid on or before the tenth day of each month (or the next Business Day thereafter if the tenth day is not a Business Day) and shall be deposited into the appropriate subaccount in the TDD Account in the Revenue Fund. The Trustee shall notify the City, the respective Transportation Development District and the Original Purchaser if the Trustee has not received such Net Revenues on or before the 12th calendar day of each month (or the next Business Day thereafter if the 12th day is not a Business Day).

¹ Two of the three transportation development districts’ sales tax are imposed for only ten years. See “**THE TRANSPORTATION DEVELOPMENT DISTRICTS – I-70 and Adams Dairy Parkway Transportation Development District**” and “**– Coronado Drive Transportation Development District**” herein.

The City agrees, subject to moneys being appropriated by the City Council, to make payments (the "City Payments"), if and only to the extent required for amounts on deposit in the Bond Payment Account in the Debt Service Fund on the 10th day prior to each Payment Date to be sufficient to provide for the Debt Service Requirements for the Bonds. The Trustee shall notify the City and the Original Purchaser on the 15th day prior to each Payment Date if the Trustee has not received sufficient Net Revenues, together with other available funds under the Indenture, to pay the Debt Service Requirements for the Bonds Outstanding and that the City will be required to make the City Payments. **THE PAYMENT OF CITY PAYMENTS IS SUBJECT TO APPROPRIATION BY THE CITY. THERE CAN BE NO ASSURANCES THAT THE CITY WILL APPROPRIATE SUCH CITY PAYMENTS IN ANY YEAR AND THE INDENTURE DOES NOT OBLIGATE THE CITY TO DO SO.**

"Payments in Lieu of Taxes" means those payments in lieu of taxes (as defined in Sections 99.805(10) and 99.845 of the TIF Act), if any, attributable to the increase in the current equalized assessed valuation of all taxable lots, blocks, tracts and parcels of real property in the Redevelopment Area over and above the certified total initial equalized assessed valuation of the real property in the Redevelopment Area, as provided for by Section 99.845 of the TIF Act.

"Economic Activity Tax Revenues" means 50% of the total additional revenue from taxes imposed by the City or other taxing districts (as that term is defined in Section 99.805 of the TIF Act) which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in the calendar year ending December 31, 2007, but excluding therefrom any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to Section 70.500, RSMo., licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, personal property taxes, and taxes levied for the purpose of public transportation pursuant to Section 94.660, RSMo. **THE EXPENDITURE OF ECONOMIC ACTIVITY TAX REVENUES IS SUBJECT TO APPROPRIATION BY THE CITY. THERE CAN BE NO ASSURANCES THAT THE CITY WILL APPROPRIATE SUCH REVENUES IN ANY YEAR AND THE INDENTURE DOES NOT OBLIGATE THE CITY TO DO SO.**

"TDD Revenues" means the receipts by the Adams Farm TDD, the Home Depot TDD and the Walmart TDD from the sales taxes appropriated to pay a portion of the costs of road improvements that are redevelopment projects in the Redevelopment Area. **THE EXPENDITURE OF TDD REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE APPLICABLE TRANSPORTATION DEVELOPMENT DISTRICT. THERE CAN BE NO ASSURANCES THAT EACH TRANSPORTATION DEVELOPMENT DISTRICT WILL APPROPRIATE SUCH REVENUES IN ANY YEAR AND NO AGREEMENT OBLIGATES THE TRANSPORTATION DEVELOPMENT DISTRICTS TO DO SO.**

City Annual Appropriation Obligation

The City's obligations under the Indenture to make City Payments on the Series 2009 Bonds are payable solely from moneys in the City's general fund, including any unencumbered balances from previous years. Such moneys must be appropriated each year by the City Council. The Indenture 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 payments of principal of and interest on the Bonds for the next succeeding Fiscal Year from Pledged Revenues, and if not from Pledged Revenues, from City Payments from all legally available moneys of the City for that 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 principal coming due and the interest on the Bonds during such Fiscal Year. If the City Council shall have made the appropriation necessary to make such payments, 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 default 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.

Payments to Constitute Current Expenses of the City. The City acknowledges that the City Payments under the Indenture 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 Indenture constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay City Payments under the Indenture 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 Indenture 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 in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, but in each Fiscal Year City Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the moneys in the City's general fund for such year, plus any unencumbered balances from previous years; provided, however, that nothing in the Indenture 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.

Indenture Funds and Accounts

Revenue Fund. Moneys in the Revenue Fund on the 40th day prior to each Payment Date (or at any time in the event of rebate payable to the United States of America) shall be applied by the Trustee to the extent necessary for the purposes and in the amounts as follows, drawing first on the TDD Account in the Revenue Fund, second on the PILOTS Account in the Revenue Fund and third on the EATS Account in the Revenue Fund:

First, for transfer to the Rebate Fund when necessary, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City in accordance with the Arbitrage Instructions;

Second, for transfer to the Costs of Issuance Account in the Project Fund (prior to the Payment Date on December 1, 2009 only), the amount of \$17,540.04 to pay remaining costs related to the issuance of the Bonds;

Third, for transfer to the Bond Payment Account in the Debt Service Fund (taking into account moneys on deposit in the Capitalized Interest Account of the Project Fund) an amount sufficient to pay the interest on the Bonds on the next two succeeding Payment Dates;

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

Fifth, for transfer to the Debt Service Reserve Fund such amount as may be required to restore any deficiency in the Debt Service Reserve Fund if the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement;

Sixth, for payment to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent (not to exceed \$4,250 per Fiscal Year), upon delivery to the City of an invoice for such amounts, and for payment to the City of an amount sufficient for payment of any fees and expenses which are due and owing to the City pursuant to the Indenture, upon delivery to the Trustee of an invoice for such amounts;

Seventh, for transfer to the Surplus Fund until the Trustee has received a certificate from the Authorized City Representative that the balance in the Surplus Fund is sufficient to provide for payment of all Project Costs; and

Eighth, for transfer to the Redemption Account of the Debt Service Fund, beginning subsequent to the certification by the City to the Trustee that the balance in the Surplus Fund is sufficient to provide for payment of all Project Costs, amounts sufficient to redeem Bonds in Authorized Denominations which shall be applied to the payment of the principal of and accrued interest on all Bonds which are subject to redemption on the next succeeding Payment Date.

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

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

If the moneys in the Debt Service Fund are insufficient to pay all accrued interest on the Bonds on any Payment Date, then such moneys shall be applied ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege, and any unpaid portion shall accrue to the next Payment Date, with interest thereon at the rate or rates specified in the Bonds to the extent permitted by law. If the moneys in the Debt Service Fund are insufficient to pay the principal of the Bonds on the maturity date thereof, then such moneys shall be applied ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

Debt Service Reserve Fund. Except as otherwise provided in the Indenture, moneys in the Debt Service Reserve Fund shall be used by the Trustee without further authorization solely for the payment of the principal of and interest on the Bonds if moneys otherwise available for such purpose as provided in the Indenture are insufficient to pay the same as they become due and payable. In the event the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, moneys in the Debt Service Reserve Fund shall be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency using the moneys in the Business Interruption Account until all such money has been expended and then from moneys in the Bond Proceeds Account. The Trustee may use moneys in 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 Requirement. Such moneys shall be used first to make up

any deficiency in the payment of interest and then principal. Moneys in the Debt Service Reserve Fund shall also be used to pay the last Bonds becoming due unless such Bonds and all interest thereon be otherwise paid.

Project Fund. Moneys in the TIF Account of the Project Fund shall be disbursed by the Trustee from time to time, upon receipt of a written request of the Authorized City Representative and containing the statements, representations and certifications set forth in the form of such request attached as an exhibit to the Indenture and otherwise substantially in such form, to pay, or reimburse the Developer for payment of, the costs of the Project as described in an exhibit to the Indenture. Moneys in the TDD Account of the Project Fund shall be disbursed by the Trustee from time to time, upon receipt of a written request of the Authorized City Representative and containing the statements, representations and certifications set forth in the form of such request attached as an exhibit to the Indenture and otherwise substantially in such form, to pay, or reimburse the City or the Developer for payment of, the costs of the transportation related portions of the Project as described in an exhibit to the Indenture. Any moneys remaining on deposit in the Project Fund when the portion of the Project financed with the proceeds of the Series 2009 Bonds is completed, as evidenced by a certificate delivered by the Authorized City Representative to the Trustee, shall immediately be transferred by the Trustee to the Redemption Account in the Debt Service Fund.

Moneys in the Cost of Issuance Account of the Project Fund shall be disbursed, from time to time by the Trustee, upon receipt of a written request of the City signed by the Authorized City Representative and containing the statements, representations and certifications set forth in the form of such request attached as an exhibit to the Indenture and otherwise substantially in such form, for the sole purpose of paying costs of issuance of the Bonds. Any moneys remaining in the Cost of Issuance Account of the Project Fund on December 1, 2009 shall be deposited, without further authorization, into the TIF Account in the Project Fund.

Moneys in the Capitalized Interest Account of the Project Fund shall be disbursed, from time to time by the Trustee without any further direction from the City, on each Payment Date to pay interest on the Bonds.

In making such payments and disbursements, the Trustee may rely upon the written requests and accompanying certificates and statements. The Trustee is not required to make any independent investigation in connection with the matters set forth in the written requests.

Surplus Fund. Except as described below, moneys in the Surplus Fund shall be disbursed by the Trustee for payment or reimbursement of Project Costs upon receipt of a written request of the Authorized City Representative and containing the statements, representations and certifications set forth in the form of such request attached as an exhibit to the Indenture. Any moneys remaining on deposit in the Surplus Fund when the Project is completed, as evidenced by a certificate delivered by the Authorized City Representative to the Trustee, shall immediately be transferred by the Trustee to the Bond Payment Account in the Debt Service Fund.

The Trustee is authorized and directed to withdraw from the Debt Service Fund, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Bonds, from the Revenue Fund, the Surplus Fund and the Debt Service Reserve Fund (in the order specified), sums sufficient to pay the principal of and interest on the Bonds as and when the same become due on any Payment Date. The Trustee is authorized and directed to withdraw from the Surplus Fund an amount sufficient to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement if the amount in the Revenue Fund is not sufficient for such purposes.

Additional Bonds

Additional Bonds may be issued under the Indenture upon compliance with the conditions set forth in the Indenture for any purpose authorized under the TIF Act, the CID Act or the TDD Act and related to the Project.

Before any Additional Bonds are issued under the provisions of the Indenture, the City shall adopt an ordinance (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 City to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Additional Bonds, extend the payment of City Payments as security for the Additional Bonds, reserve funds or other credit enhancement which does not secure other Bonds Outstanding, and the form of such series of Additional Bonds, and (3) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the City, do not materially adversely affect the security for the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Series 2009 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 redemption provisions of the 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 may be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Series 2009 Bonds, and any other Additional Bonds issued on a parity with the Series 2009 Bonds, upon compliance with the terms of the Indenture.

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 City Clerk, of the ordinance adopted by the City authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture and supplements to any other documents as may be necessary.

(b) An original executed counterpart of the Supplemental Indenture, executed by the City and the Trustee, authorizing the issuance of the Additional Bonds, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such bonds.

(c) A certificate of the City (i) stating that no event of default under the Indenture 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 (ii) stating the purpose or purposes for which such Additional Bonds are being issued.

(d) A request and authorization to the Trustee executed by the City 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 City, 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 to the effect that all requirements for the issuance of such Additional Bonds have been met, that such Additional Bonds constitute valid and legally binding obligations of the City and the issuance of such Additional Bonds will not result in the interest on any Bonds then Outstanding and exempt from taxation for federal income tax purposes becoming subject to federal income taxes then in effect.

(f) Such other certificates, statements, opinions, receipts and documents required by any of the Financing Documents or as 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 the 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 deposited and applied by the Trustee as provided in the Indenture and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Except as described above, the City will not otherwise issue any obligations on a parity with the Series 2009 Bonds, but the City may issue other obligations specifically subordinate and junior to the Series 2009 Bonds so that if at any time the City shall be in default in paying either principal of or interest on the Series 2009 Bonds or any Additional Bonds issued on a parity with the Series 2009 Bonds, the City shall make no payments of either principal of or interest on said junior Bonds until such default or defaults be cured.

ESTIMATED SOURCES AND USES OF FUNDS

Following is a summary of the anticipated sources and uses of funds in connection with the issuance of the Series 2009 Bonds:

Sources of Funds:

Net proceeds of the Series 2009 Bonds.....	<u>\$14,355,965.55</u>
Total sources of funds	<u>\$14,355,965.55</u>

Uses of Funds:

Deposit to the Capitalized Interest Account of the Project Fund	\$ 338,553.48
Deposit to the TIF Account of the Project Fund	12,611,983.24
Deposit to Bond Proceeds Account of the Debt Service Reserve Fund.....	1,023,178.83
Underwriter's Discount	217,500.00
Other Costs of Issuance	<u>164,750.00</u>
Total uses of funds	<u>\$14,355,965.55</u>

BONDOWNERS' RISKS

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

Nature of the Obligations

The Bonds are limited obligations of the City and are payable solely from and secured by a pledge of Net Revenues and Pledged Revenues. The realization of such revenues is dependent upon, among other things, the

capabilities of the Developer and future changes in economic and other conditions that are unpredictable and cannot be determined at this time.

Tax Increment Financing Litigation

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

Risk of Non-Appropriation

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

The application of TDD Tax Revenues is subject to annual appropriation by each of the Transportation Development Districts. There can be no assurance that such appropriations will be made by the Transportation Development Districts, and the Transportation Development Districts are not legally obligated to do so.

Financial Feasibility of Adams Dairy Landing and Existing Retail Developments

The financial feasibility of Adams Dairy Landing and the existing retail developments depends in large part upon the ability of Developer and owners of the existing retail developments to maintain substantial occupancy throughout the term of the Bonds. If the Developer or such owners fail to achieve and maintain substantial occupancy at Adams Dairy Landing and the existing retail developments, there may be insufficient Net Revenues to pay the Bonds.

The Revenue Study includes assumptions relating to the lease-up and future occupancy of Adams Dairy Landing and certain other significant assumptions. Some assumed events and circumstances inevitably will not materialize and unanticipated events and circumstances will occur subsequent to the date hereof. Therefore, the actual results achieved during the forecast period may vary from the forecast and the variations may be material.

Environmental Conditions

No assurance can be given that environmental conditions do not now or will not in the future exist at Adams Dairy Landing or the existing retail developments which could become the subject of enforcement actions by governmental agencies. Additionally, there can be no assurance that future environmental conditions, if any, would not adversely impact the willingness of the public to frequent Adams Dairy Landing or the existing retail developments. The amount of Net Revenues is dependent upon the existence of economic activity, especially the purchase of goods, at Adams Dairy Landing and the existing retail developments.

Reliance on the Developer, Other Property Owners, Tenants and Subsequent Property Owners

The development of Adams Dairy Landing was undertaken by the Developer and those parties contracting with the Developer. The Developer is under no obligation to continue to own Adams Dairy Landing for the term of the Bonds.

Although no management agreement has been executed, it is anticipated that Adams Dairy Landing will be managed by RED Asset Management, Inc., certain shareholders of which also hold beneficial equity interests in Developer. See the caption “**ADAMS DAIRY LANDING – The Manager.**” Bondowners will be dependent on current and future managers of Adams Dairy Landing as well as the current and future managers of the other retail development within the Transportation Development Districts to maintain occupancy in order to assure that Economic Activity Tax Revenues and TDD Revenues are generated.

It is contemplated that some of the leases will require the tenants to continuously operate a business at the leased premises but some leases may not contain this requirement. Thus, a tenant may cease operations but continue to pay rent to the property owner. Under such circumstances, no Economic Activity Tax Revenues or TDD Revenues, as applicable, would be generated by such tenant.

There is no obligation on the part of any property owner at Adams Dairy Landing or within the Transportation Development Districts to lease to tenants which generate Economic Activity Tax Revenues or TDD Revenues, as applicable although the Redevelopment Agreement does require the City’s approval prior to the sale or lease for redevelopment of more than 50,000 square feet (excluding two banks) of finished first floor space to non-sales generating businesses such as office uses or fitness centers.

The Developer is required by the Redevelopment Agreement to include in any lease or sales contracts of property within the Redevelopment Area notice that the businesses are located within the Redevelopment Area, that Economic Activity Tax Revenues and TDD Revenues, as applicable, will be collected on sales within the Redevelopment Area and that the retailers are required to provide information to the City about retail sales. The City will be entitled to directly enforce these notice provisions of the sales and lease contracts to monitor collection of sales taxes.

See the caption “**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING**” herein.

The Developer was delinquent in the payment of almost all of the real property taxes for the 2008 tax year. Total real property taxes payable by the Developer equaled \$305,923.83. The Developer timely paid real property taxes in the amount of \$462.45. In February, 2009, the Developer paid the remaining real property taxes, together with interest and penalties thereon, in the amount of \$319,744.78. According to the Developer, the delinquent payment was due to internal Developer employee changes and turnover which have since been corrected.

No Mortgage of the Project

The Bonds are not secured by a mortgage on any property in the Redevelopment Area. However, the TIF Act provides that the Payments in Lieu of Taxes that are due and owing shall constitute a lien against the real estate in the Redevelopment Area from which they are derived. Upon a default in the payment of any Payments in Lieu of Taxes, the lien for such unpaid Payments in Lieu of Taxes may be enforced as provided by law. See the caption “**TAX INCREMENT FINANCING IN MISSOURI – Assessments and Collections of Ad Valorem Taxes**” herein.

Risk of Failure to Maintain Levels of Assessed Valuations

There can be no assurance that the assessed value of Adams Dairy Landing will be maintained throughout the term of the Series 2009 Bonds. If at any time during the term of the Series 2009 Bonds the actual assessed value is less than the current assessment, the amount of the Payments in Lieu of Taxes will be likely less and there may not be sufficient Payments in Lieu of Taxes paid into the Special Allocation Fund to meet the obligations to the Owners.

Even if the County Assessor’s determination of the assessed value of Adams Dairy Landing equals or exceeds the current assessed value, the owners of Adams Dairy Landing have the right to appeal such determination. Additionally, pursuant to certain leases, certain tenants may also be granted the right to appeal such determination should the Developer or successor owners decline to do so. If any such appeal is not resolved prior to the time when real estate taxes and Payments in Lieu of Taxes are due, the taxpayer may pay the taxes and Payments in Lieu of Taxes under protest. In such event, the Payments in Lieu of Taxes being protested will not be available for deposit into the Special Allocation Fund until the appeal has been concluded. If the appeal is resolved in favor of the taxpayer, the assessed value of Adams Dairy Landing will be reduced, in which event the Payments in Lieu of Taxes may be less than forecasted. See the caption “**TAX INCREMENT FINANCING IN MISSOURI – Assessments and Collections of Ad Valorem Taxes**” herein.

Changes in State and Local Tax Laws

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

In addition, if the assessed valuation in the City rises to the extent that a rollback in tax rates is required, and if the increase in assessed valuation within the Redevelopment Area is not as extensive as the increase within the City generally, the rollback in tax rates may result in a reduction in Payments in Lieu of Taxes. See “**TAX INCREMENT FINANCING IN MISSOURI – Assessments and Collections of Ad Valorem Taxes – Reassessment and Tax Rate Rollback**” herein.

The assessments and revenue estimates used in the Revenue Study are based on the current status of the national and local business economy and assume a future performance of the real estate market similar to the historical performance of such market in the Blue Springs, Missouri area. However, changes in such market conditions, as well as changes in general economic conditions, could adversely affect the amount of Net Revenues collected.

Reduction in State and Local Tax Rates

Any taxing district in the Redevelopment Area could lower its tax rate, which would have the effect of reducing the Payments in Lieu of Taxes or Economic Activity Tax Revenues derived from the Redevelopment Area. Such a reduction in rates could be as a result of a desire of the governing body of the taxing district to lower tax rates, the retirement of general obligation bonds of the Taxing District, taxpayer initiative, or in response to state or local litigation or legislation affecting the broader taxing structure within the taxing district, such as litigation or legislation affecting the primary reliance on ad valorem property taxes to fund elementary and secondary education in the State.

Limitations on Remedies

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

Loss of Premium Upon Early Redemption

Purchasers of Series 2009 Bonds 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 SERIES 2009 BONDS – Redemption Provisions.**”

Factors Affecting Economic Activity Tax Revenues and TDD Revenues

Economic Activity Tax Revenues and TDD Revenues are contingent and may be adversely affected by a variety of factors, including without limitation economic conditions within the Redevelopment Area and the surrounding trade area and competition from other retail businesses, rental rates and occupancy rates in private developments in the Redevelopment Area, suitability of Adams Dairy Landing and the retailers within the Transportation Development Districts for the local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism and rising operating costs, interruption or termination of operation of Adams Dairy Landing and the retailers within the Transportation Development Districts as a result of fire, natural disaster, strikes or similar events, among many other factors. As a result of all of the above factors, it is difficult to predict with certainty the expected amount of Economic Activity Tax Revenues and TDD Revenues which will be available for appropriation to the repayment of the Bonds. The retail sales industry is highly competitive. Existing retail businesses outside of the Redevelopment Area and the boundaries of the Transportation Development Districts and the future development of retail businesses outside of the Redevelopment Area and the boundaries of the Transportation Development Districts, which are competitive with retail businesses in the Redevelopment Area and the boundaries of the Transportation Development Districts may exist or may be developed after the date of this Official Statement.

In addition to the foregoing, the partial or complete destruction of Adams Dairy Landing or the retailers within the Transportation Development Districts, as a result of fire, natural disaster or similar casualty event or the temporary or permanent closing of one or more of such retail establishments due to strikes or failure of the business would adversely affect the Economic Activity Tax Revenues and TDD Revenues and thereby adversely

affect the revenues available to pay the Bonds and the interest thereon. Any insurance maintained by the owner of or the tenants in such areas for such casualty or business interruption is not likely to include coverage for sales taxes that otherwise would be generated by the establishment.

Products that are eligible for the federal Food Stamp program and pharmaceutical products that are purchased cannot, by law, be subject to state or local sales taxes. A portion of the products sold in the Wal-Mart within The Coronado Drive Transportation Development District are eligible for the Food Stamp program and a portion are pharmaceutical sales. To the extent that products are sold to shoppers who purchase goods with Food Stamps or purchase pharmaceutical items, the expected amount of TDD Revenues which will be available for appropriation for payment of the principal of and interest on the Bonds would be reduced.

Revenue Study

The forecasted annual Net Revenues shown in the Revenue Study are based on certain assumptions concerning facts and events over which the City, the Transportation Development Districts, and the Developer will have no control. Certain assumptions in the Revenue Study were provided by the Developer from information supplied, without verification, by the tenants at the Project. Canyon has prepared revenue studies for other tax increment and transportation development district financings in which projected revenues were significantly higher than the revenues which were actually realized. ***No representation or warranty is or can be made about the amount or timing of any future income, taxes, increased assessment or revenues, or that actual results will approach the Revenue Study.*** The City makes no representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Revenue Study.

Debt Service Reserve Fund

At the time of issuance of the Series 2009 Bonds, the Debt Service Reserve Fund will be funded in an amount equal to \$1,023,178.83 and the Business Interruption Account of the Debt Service Reserve Fund will be funded over time until the amount in the Business Interruption Account is funded in an amount equal to \$1,023,178.83 (collectively, the “Debt Service Reserve Requirement”). SEE “**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – INDENTURE FUNDS AND ACCOUNTS**” herein. There can be no assurance that the amounts on deposit in the Debt Service Reserve Fund will be available if needed for payment of the Series 2009 Bonds in the full amount of the Debt Service Reserve Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred to the Debt Service Fund, sufficient revenues may not be available in the Revenue Fund or the Surplus Fund to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

Determination of Taxability

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

Risk of Audit

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

Secondary Market

There is no assurance that a secondary market will develop for the purchase and sale of the Series 2009 Bonds. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

TAX INCREMENT FINANCING IN MISSOURI

Overview

Tax increment financing is a procedure whereby cities and counties encourage the redevelopment of designated areas. The theory of tax increment financing is that, by encouraging redevelopment projects, the value of real property in a redevelopment area should increase. When tax increment financing is adopted for a redevelopment area, the assessed value of real property in the redevelopment area is frozen for tax purposes at the then current base level prior to the construction of improvements. The owners of the property continue to pay property taxes at the base level. As the property is improved, the assessed value of real property in the redevelopment area should increase above the base level. By applying the tax rate of all taxing districts having taxing power within the redevelopment area to the increase in assessed valuation of the improved property over the base level, a “tax increment” is produced. The tax increments, referred to as “payments in lieu of taxes” or “PILOTS,” are paid by the owners of property in the same manner as regular property taxes. The payments in lieu of taxes are transferred by the collecting agency to the treasurer of the city or county and deposited in a “special allocation fund.” All or a portion of the moneys in the fund are used to pay directly for redevelopment project costs or to retire bonds or other obligations issued to pay such costs.

The TIF Act

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

Although payments in lieu of taxes may be irrevocably pledged to the repayment of bonds, Economic Activity Tax Revenues are subject to annual appropriation by the governing body of the city or county, and there is no obligation on the part of the governing body to appropriate Economic Activity Tax Revenues in any year. See the captions **“BONDOWNERS’ RISKS – Risk of Non-Appropriation,” “BONDOWNERS’ RISKS – Factors Affecting Economic Activity Tax Revenues”** and **“BONDOWNERS’ RISKS – Tax Increment Financing Litigation”** herein.

Assessments and Collections of Ad Valorem Taxes

The City and the Redevelopment Area are located within Jackson County, Missouri (the “County”). On or before September 1 in each year, each political subdivision located within the County which imposes ad valorem taxes (the “Taxing Districts”) estimates the amount of taxes that will be required during the next succeeding fiscal year to pay interest falling due on general obligation bonds issued and the principal of bonds maturing in such year and the costs of operation and maintenance plus such amounts as shall be required to cover emergencies and anticipated tax delinquencies. The Taxing Districts certify the amount of such taxes which shall be levied, assessed and collected on all taxable tangible property in the County to the County Assessor by September 1.

All taxes levied must be based upon the assessed valuation of land and other taxable tangible property in the County as shall be determined by the records of the County Assessor and must be collected and remitted to the Taxing Districts. All the laws, rights and remedies provided by the laws of the State for the collection of State, county, city, school and other ad valorem taxes are applicable to the collection of taxes authorized to be collected in the Redevelopment Area.

The Missouri Constitution requires uniformity in taxation of real property by directing such property to be subclassed as agricultural, residential or commercial and permitting different assessment ratios for each subclass. Residential property is currently assessed at 19% of true value in money, commercial property is assessed at 32% of true value in money, and agricultural property is assessed at 12% of true value in money. The phrase “true value in money” has been held to mean “fair market value” except with respect to agricultural property.

Real property within the County is assessed by the County Assessor. The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The Board of Equalization has the authority to question and determine the proper values of real property and then adjust and equalize individual properties appearing on the tax rolls. The County Collector collects taxes for all Taxing Districts within the County limits. The County Collector deducts a commission for its services. After such collections and deductions of commission, taxes are distributed according to the Taxing District’s pro rata share.

Taxes are levied on all taxable property based on the equalized assessed value thereof determined as of January 1 in each year. Under Missouri law, each property must be reassessed every two years (in odd-numbered years). The County Collector prepares the tax bills and mails them to each taxpayer in September. Payment is due by December 31, after which they become delinquent and accrue a penalty of one percent per month. In the event of an increase in the assessed value of a property, notice of such increase must be given to the owner of the affected property, which notice is generally given in April.

Valuation of Real Property. The County Assessor must determine the assessed value of a property based upon the State law requirement that property be valued at its true value in money. For agricultural land, true value is based on its productive capability. As to residential and commercial property, true value in money is the fair market value of the property on the valuation date. The fair market value is arrived at by using the three

universally recognized approaches to value: cost approach, the sales comparison approach and the income approach.

The cost approach is typically applied when a property is newly constructed and is based on the principle of substitution. This principle states that no informed buyer will pay more for a property than the cost to reproduce or replace the property. Value is determined under the cost approach by adding the estimated land value to the replacement or reproduction cost of improvements reduced by estimated depreciation. Courts have held, however, that construction cost alone is not a proper basis for determining true value in money and that all factors which affect the use and utility of the property must be considered.

The sales comparison approach determines value based upon recent sales prices of comparable properties. Comparable sales are adjusted for differences in properties by comparing such items as sales price per square foot and net operating income capitalization rates.

The income approach estimates market value by discounting to present value a stream of estimated net operating income. First, the property's gross potential income is estimated based on gross rents being generated at the property. A vacancy allowance is then deducted to arrive at effective gross income. Next, allowable operating expenses are deducted to arrive at an estimate of the property's net operating income. Finally, the net operating income is divided by an appropriate capitalization rate to arrive at the estimated present value of the income stream.

Appeal of Assessment. State statutes set up various mechanisms for a property owner to appeal the assessment of a tax on its property. Typically, there are four issues that can be raised in property tax appeals: overvaluation, uniformity, misclassification and exemption. Overvaluation appeals are the most common appeals presented by taxpayers. An overvaluation appeal requires the taxpayer to prove that the true value in money of the property is less than that determined by the assessor. Uniformity appeals are based on the assertion that other property in the same class and county as the subject property is assessed at a lower percentage of value than the subject property. A misclassification appeal is based on an assertion that assessing authorities have improperly subclassified a property. Exemption appeals are based on claims that the property in question is exempt from taxation.

Overvaluation appeals, for the most part, must be made administratively, first, to the Board of Equalization and then to the State Tax Commission within prescribed time periods following notice of an increase in assessment. Appeals to the Board of Equalization must be filed with the County Assessor on or before the third Monday in June of each year. Appeals to the State Tax Commission must be filed by the later of August 15 and 30 days after the date of the final decision of the Board of Equalization. Where valuation is not an issue, appeals must be taken directly to the State circuit court rather than the State Tax Commission. If an appeal is pending on December 31, the due date for the payment of taxes, State statute provides a procedure for the payment of taxes under protest. If taxes are paid but not under protest, the taxpayer cannot recover the amount paid unless that taxes have been mistakenly or erroneously paid. Application for a refund of mistakenly or erroneously paid taxes must be made within one year after the tax in dispute was paid. Typically, only that portion of the taxes being disputed is identified as being paid under protest, unless a claim of exemption is being asserted. The portion of the tax paid under protest is required to be held in an interest bearing account. Unless an appeal before the Board of Equalization or State Tax Commission is pending, suit must be brought by the taxpayer to resolve the dispute within 90 days, or the escrowed funds will be released to the Collector of Revenue and distributed to the Taxing Districts.

Reassessment and Tax Rate Rollback. A general reassessment of all property in the State is required to be conducted every two years. When, as a result of such reassessment, the assessed valuation within a Taxing District increases by more than an allowable percentage pursuant to the Hancock Amendment (as hereinafter described), the Taxing District is required to roll back the rate of tax within the Taxing District so as to produce substantially the same amount of tax revenue as was produced in the previous year increased by an amount called

a “preceding valuation factor.” A “preceding valuation factor” is a percentage increase or decrease based on the average annual percentage changes in total assessed valuation of the County over the previous three or five years, whichever is greater, adjusted to eliminate the effect of boundary changes, changes from State to County assessed property, general reassessment and State ordered changes.

The Hancock Amendment. A Constitutional amendment limiting taxation and government spending was approved by Missouri voters on September 4, 1980, and went into effect with the 1981–82 fiscal year. The amendment (Article X, Section 22(a) of the State Constitution and popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes that shall be imposed in any fiscal year, and provides that the limit shall not be exceeded without voter approval. Provisions are included in the Hancock Amendment for rolling back tax rates to produce an amount of revenues equal to that of the previous year if the definition of the tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation in the initial year of new construction.

Tax Delinquencies

All real estate upon which taxes or payments in lieu of taxes remain unpaid on the first day of January, annually, are delinquent, and the County Collector is empowered to enforce the lien of the taxing jurisdictions thereon. Whenever the County Collector is unable to collect any taxes on the tax roll, having diligently endeavored and used all lawful means to do so, the County Collector is required to compile lists of delinquent tax bills collectible by such office. All lands and lots on which taxes are delinquent and unpaid are subject to suit to collect delinquent tax bills or suit for foreclosure of the tax liens. Upon receiving a judgment, the Sheriff must advertise the sale of the land, fixing the date of sale within 30 days after the first publication of the notice. Delinquent taxes, with penalty, interest and costs, may be paid to the County Collector at any time before the property is sold therefor. No action for recovery of delinquent taxes shall be valid unless initial proceedings therefore are commenced within five years after delinquency of such taxes.

Economic Activity Tax Revenues

The Economic Activity Tax Revenues that will be pledged to the payment of the Bonds, subject to annual appropriation, are 50% of the total additional revenue from taxes imposed by the City or other Taxing Districts which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in calendar year 2007, but excluding any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to Section 70.500, RSMo., licenses, fees or special assessments, other than payments in lieu of taxes, and personal property taxes and taxes levied for the purpose of public transportation pursuant to Section 94.660, RSMo.

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

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

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

ADAMS DAIRY LANDING

Overview

Pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended (the "TIF Act"), the City designated a redevelopment area (the "Redevelopment Area") on February 20, 2007. The Redevelopment Area is bordered by I-70 to the north, Adams Dairy Parkway to the west (extending further west along Northeast Coronado Drive to encompass a section of land between Coronado Drive and I-70), R.D. Mize Road to the south and the Marriott Hotel and Convention Center property boundary and Adams Pointe Golf Course boundary on the east. The Redevelopment Area contains approximately 65 acres. The Redevelopment Area was studied and determined by the City to be a "blighted area" within the meaning of the TIF Act.

On March 5, 2007, the City entered into a tax increment financing contract with Blue Springs Development Two, LLC, authorizing Blue Springs Development Two, LLC to redevelop the Redevelopment Area, which contract was amended by the City and Blue Springs Development Two, LLC on September 5, 2007. On November 5, 2007, the City entered into an amendment to the tax increment financing contract with the Developer (as successor in interest to Blue Springs Development Two, LLC) changing all references to "Developer" in the contract to mean the Developer. Adams Dairy Landing is planned to consist of (a) the construction of approximately 536,681 square feet of retail space, located at the southeast quadrant of Adams Dairy Parkway and Coronado Drive, (b) the construction of approximately 39,219 square feet of retail and restaurant development, located at the northeast quadrant of Adams Dairy Parkway and Coronado Drive and (c) the construction of approximately 30,668 square feet of commercial retail and restaurant space, located at the northwest quadrant of Adams Dairy Parkway and Coronado Drive, known as Adams Dairy Landing. Total parking for Adams Dairy Landing is expected to be 3,000 spaces. See the caption "**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING**" below. It is anticipated that the construction of the Adams Dairy Landing will be completed by December 2010.

Construction lending is being provided by Hillcrest Bank ("Hillcrest") and Mutual of Omaha Bank ("Mutual"). The loan from Hillcrest, as modified, is evidenced by two notes (one of which has been repaid) and is secured by a construction deed of trust security agreement, assignment of rents and fixture filing; an assignment of leases and rents; various guaranty agreements; an assignment of TIF proceeds and security agreement, and various other collateral documents, all of which is for the sole and exclusive benefit of Hillcrest. The collateral documents for the benefit of Hillcrest encumber a portion of Adams Dairy Landing. The Hillcrest loan matures on September 1, 2009. The loan from Mutual is evidenced by a promissory note and is secured by a construction deed of trust security agreement, assignment of rents and fixture filing; an assignment of leases and rents; various guaranty agreements; and various other collateral documents, all of which is for the sole and exclusive benefit of Mutual. The collateral documents for the benefit of Mutual encumber a portion of Adams Dairy Landing not encumbered for the benefit of Hillcrest. The maturity date of the Mutual loan is July 1, 2012. The Mutual loan contains a number of post-closing obligations and conditions which must be satisfied prior to the funding of advances thereunder.

The Developer

The developer of Adams Dairy Landing is Blue Springs Development Three, Inc., a Missouri corporation (the “Developer”) and an entity related to RED Development, Inc., Kansas City, Missouri, and Block and Company, Inc., Kansas City, Missouri. The current members of the Board of Directors are Dan Lowe, Michael L. Ebert, Kenneth Cooley, Brent W. Kroener, Jon Donahue and David Block; the officers of the Developer are as follows:

<u>Name</u>	<u>Office</u>
Dan Lowe	President
Michael L. Ebert	Vice-President
Scott Rehorn	Vice-President
Steve Maun	Vice-President
Jeff McMahan	Vice-President
Rita D’Agostino	Secretary
Nathan Studtmann	Treasurer

Environmental Assessment

Underground Environmental Services, Inc., Kansas City, Missouri, prepared a Phase I Environmental Site Assessment dated September 25, 2008 with respect to the property on which Adams Dairy Landing is to be located. The assessment revealed no recognized environmental conditions, no historical recognized environmental conditions and no de minimis conditions associated with the property.

The Manager

It is anticipated that RED Asset Management, Inc., certain shareholders of which also hold beneficial equity interests in Developer, will serve as manager for Adams Dairy Landing although **no management agreement has been executed** and there can be no assurance that RED Asset Management, Inc. will be the manager for Adams Dairy Landing.

RED Asset Management, Inc. is a Missouri corporation providing services in Missouri, Kansas, Arizona, Wisconsin, and Nebraska. The Manager was incorporated in 2004 and currently has over 3,000,000 square feet of commercial property under its management. Properties being managed include the following:

<u>Name</u>	<u>Owner</u>	<u>Size</u> (Approx.)	<u>Type</u>	<u>Location</u>
Village Pointe	168 th and Dodge, L.P.	574,000	Retail	Omaha, Nebraska
SouthPointe Pavilions	R.E.D. Capital Management, L.L.C.	414,000	Retail	Lincoln, Nebraska
Fulton Ranch Towne Center	RED Development of Ocotillo LLC	290,000	Retail	Chandler, Arizona

<u>Name</u>	<u>Owner</u>	<u>Size</u> (Approx.)	<u>Type</u>	<u>Location</u>
Greenway	Greenway Station SPE, LLC	333,000	Retail	Middleton, Wisconsin
The Legends	Legends of KC, LP	689,000	Retail	Kansas City, Kansas

Operation and Easement Agreement

Portions of Adams Dairy Landing (generally the southeast quadrant of Adams Dairy Parkway and Coronado Drive) are subject to an Operation and Easement Agreement recorded on October 6, 2008 in the Office of the Recorder of Deeds for Jackson County, Missouri as Document 2008E0106069 and thereafter supplemented by that certain Supplement to the Operation and Easement Agreement (the “OEA”) recorded on October 17, 2008 as Document 2008E0110079. The OEA provides for the coordinated development and use of the real property subject to the OEA and states the intent of the parties to develop and operate their respective properties in conjunction with each other as integral parts of a retail shopping complex (all as more particularly described in the OEA). Target, Lowe's and the Developer are the Approving Parties with regard to the OEA. Subsequently, on October 17, 2008, Lowe's and Developer entered into a Supplemental Agreement, recorded as Document 2008E0110090 with regard to certain provisions of the OEA.

Declaration of Reciprocal Easement, Covenants and Restrictions

Portions of Adams Dairy Landing (generally the northeast quadrant of Adams Dairy Parkway and Coronado Drive and the northwest quadrant of Adams Dairy Parkway and Coronado Drive) is subject to the Declaration of Reciprocal Easement, Covenants and Restrictions recorded on October 6, 2008 in the Office of the Recorder of Deeds for Jackson County, Missouri as Document 2008E0106218 and thereafter supplemented by that certain Supplement to Freestanding Pylon Sign Easement Agreements and Declaration of Reciprocal Easement, Covenants and Restrictions (the “ECR”) recorded on October 17, 2008 as Document 2008E0110080. The ECR provides for the coordinated development and use of the real property subject to the ECR and states the intent of the parties to develop and operate their respective properties in conjunction with each other (all as more particularly described in the ECR). The Developer has approval rights over all portions of the encumbered property, while Target and Lowe's have only certain limited approval rights over the encumbered property, as more particularly described in the ECR.

Competition

See **Appendix C** for a discussion of the competitive retail market conditions affecting Adams Dairy Landing.

SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING

The Developer has entered into nine lease agreements relating to Adams Dairy Landing covering approximately 99,923¹ square feet. The Developer has sold one tract of real estate within the Redevelopment Area, containing approximately 10.24 acres, to Target Corporation (“Target”) which is expected to construct an approximately 131,000 square foot Target store to open in October 2009. The Developer has sold one tract of real estate within the Redevelopment Area, containing approximately 11.67 acres, to Lowe’s Home Centers,

¹ 96,923 square feet if a pending amendment to the lease with Books–A–Million is executed; see the discussion following the chart of “Leases in Adams Dairy Landing” regarding a potential lease with Staples The Office Superstore East, Inc.

Inc. (“Lowe’s”). The agreement for the sale of the property between Lowe’s and the Developer contemplates construction of a Lowe’s home improvement store of not less than 90,000 square feet, although, to date, no construction has commenced. The Developer has sold one tract of real estate within the Redevelopment Area, containing approximately 1 acre, to M&I Marshall & Ilsley Bank which is expected to construct and operate a retail bank branch not to exceed 5,100 square feet (which size limit shall not include the drive-through canopies and other appurtenances), including parking areas, driveways, drive-through lanes and other improvements and facilities incidental thereto that are desired by M&I Marshall & Ilsley Bank. The Developer has entered into an agreement of sale for an outlot within the Redevelopment Area, containing approximately 0.64 acres to United States Beef Corporation which is expected to construct an Arby’s restaurant; there can be no assurance that such agreement will result in a sale of such property. The Developer has closed on the sale of approximately 1.45 acres of land to Legend Development Group Adams Dairy, LLC. It is anticipated that the buyer will construct an approximately 6,400 square foot multi-tenant retail building. The Developer has entered into an agreement of sale with GMRI, Inc. relating to an outlot in the Redevelopment Area, containing approximately 1.97 acres. It is anticipated that the buyer will construct an Olive Garden restaurant containing approximately 7,400 square feet but there can be no assurance that such agreement will result in a sale of such outlot.

The lease summaries shown below are not intended to be complete summaries of all potentially material terms of such documents. With the exception of the lease with Books-A-Million, each of the leases provide that the tenants shall pay a share of real estate taxes and assessments levied against the Shopping Center and the leased premises pursuant to specific formulas set forth in each lease (typically based on a ratio of the floor area of the leased premises versus the floor area of the shopping center). The leases also require the tenants to maintain varying levels of public liability and property damage insurance although self-insurance is permitted under certain circumstances. Certain tenants under specific conditions (as such conditions are set forth in the applicable lease) may assign their interests in their leases without the consent of the Developer.

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LEASES IN ADAMS DAIRY LANDING

<u>Tenant</u>	<u>Anticipated Opening Date</u>	<u>Approximate Term</u>	<u>Approximate Gross Square Footage</u>	<u>Permitted Use</u>
Books–A–Million, Inc.	Spring 2010 ¹	10 years with 4 three–year renewal terms	15,500 ²	Retail sale of books, magazines, newspapers, periodicals, books on tape, pre–recorded music and videos and, as an incidental use thereto, for the retail sale of gifts, CD ROM and computer software, greeting cards, tobacco and tobacco related items, high service level paper products, for the rental of videos, for the sale of items typically sold in a coffee shop and other items sold in a majority of the Books–A–Million or Bookland stores and for office and storage uses incidental thereto, and for any other retail purpose
Brown Group Retail, Inc. d/b/a Famous Footwear	Spring 2010 ³	5 years with 2 five–year renewal terms	5,940	Retail sale of shoes and other footwear and related items and accessories and/or for any lawful retail use found in lifestyle centers

¹ The tenant is not required to open for business unless (a) either Best Buy or Dick’s, or an acceptable replacement for either or both, (b) Lowe’s, or an acceptable replacement, and (c) Target or an acceptable replacement (collectively, (a), (b) and (c) are the “Initial Anchor Co–Tenants”) shall be open and operating or in the process of fixturing their respective premises and (d) at least 65% of the “Co–tenancy Area”, excluding the premises and the area to be occupied by the Initial Anchor Co–Tenants, shall be either open and operating or in the process of fixturing their respective premises.

² The Developer and the tenant are currently negotiating an amendment to the lease which may reduce the space to approximately 12,500 square feet.

³ The tenant is not required to open for business unless (a) Target and at least 2 of the following: Lowe’s PetSmart, Office Max and Best Buy, or their comparable replacements are open for business and (b) at least 60% of the gross leaseable area of Adams Dairy Landing that is constructed and available for occupancy is open for business by bona fide non month–to–month tenants.

<u>Tenant</u>	<u>Anticipated Opening Date</u>	<u>Approximate Term</u>	<u>Approximate Gross Square Footage</u>	<u>Permitted Use</u>
GameStop, Inc.	Fall 2009 ¹	5 years with 1 five-year renewal term	2,153	Retail sale of video games, video game related hardware and accessories, pre-owned video game hardware and software, entertainment related books, magazines, other periodicals and related supplies, peripherals, accessories and gift items plus other related items customarily sold by entertainment software-video stores
The Gap, Inc.	Spring 2010 ²	5 years with 2 five-year renewal terms	7,500	Any lawful retail purpose, subject to the exclusive use and use restrictions set forth in the lease

¹ The tenant is not required to open for business unless (a) Target, or its suitable replacement, and (b) at least 65% of the floor area of Adams Dairy Landing then constructed and available for occupancy are open for business when the tenant is scheduled to open for business.

² The tenant is not required to take possession of the premises unless the landlord delivers (a) a copy of the signature pages of the lease or operating agreement for each "Initial Key Store" (as hereinafter defined) evidencing full execution thereof, and (b) a statement by the landlord setting forth (i) the day by which such Initial Key Store will be delivered its premises, or if the landlord is providing turnkey construction, the date the landlord will commence construction of such Initial Key Store's premises, (ii) the date by which such initial Key Store intends to open its premises for business, and (iii) the term of such lease or operating agreement, which must be at least 5 years. The Initial Key Stores are all of the following: Target, Lowe's and Kohl's, and 3 of the following: Best Buy, Books-A-Million, Bed, Bath & Beyond, Michael's, Staples and Petco. The tenant is not required to open for business unless Target, and one additional "Named Key Store" (defined as Kohl's or Gordmans) plus 3 of the "Key Stores" (defined as Kohl's, Gordmans, Lowe's, Books-A-Million, Staples and Petco), plus retailers (excluding the tenant and the outparcel restaurants) having an aggregate of 75% or more of the total gross leasable area of the Shopping Center (excluding the gross leaseable area of the tenant and the outparcel restaurants) shall have opened or shall be concurrently opening for business. A retailer that is used to satisfy the Named Key Store requirement cannot be used to satisfy the Key Store requirement and vice versa

<u>Tenant</u>	<u>Anticipated Opening Date</u>	<u>Approximate Term</u>	<u>Approximate Gross Square Footage</u>	<u>Permitted Use</u>
Gordmans, Inc.	Summer 2010 ¹	10 years with 4 five-year renewal terms	47,500	Subject to the provisions of the ECR, and the prohibited uses and existing exclusives (as set forth in the Lease), for the retail sale of merchandise consistent with the operation of a department store having several departments, which may include: apparel, footwear, fragrances, gifts, accessories, home fashions, bedding and bath, luggage, accent furniture, gourmet food/candy, greeting cards, crafts, toys, candles, artificial floral and plant items, wall décor, frames, housewares, rugs, decorative pillows, small personal and kitchen electronics, and related products and services

¹ The tenant is not required to open unless (a) 70% of the floor area in the “Co-Tenancy Area,” as depicted in the Lease (exclusive of the floor area in the Leased Premises and on the “Target Parcel”, “Lowe’s Parcel”, and Building H [Kohl’s Building] on Lot 7 of the “Developer Tract” [as each are defined in the ECR]) to be constructed and made available for occupancy is open and being operated for business in the shopping center (or is opening and being operated simultaneously with the tenant) by third party tenants/occupants under leases negotiated on an arm’s length basis, and (b) Target, Kohl’s and any 2 of the following: Books-A-Million, Petco, Famous Footwear and Gap Outlet, are open and operating for business in the shopping center with the public in a prototypical store utilized by such businesses (or are opening and being operated simultaneously with the tenant).

<u>Tenant</u>	<u>Anticipated Opening Date</u>	<u>Approximate Term</u>	<u>Approximate Gross Square Footage</u>	<u>Permitted Use</u>
Maurices Incorporated	Fall 2009 ¹	10 years with 2 five-year renewal terms	5,010	Retail sale and display of apparel and incidentally for the retail sale and display of shoes, jewelry, cosmetics and miscellaneous promotional items and other merchandise sold in a majority of the tenant's other locations operated under the trade name "Maurices"
Nails So Happy, Inc.	Summer 2010	10 years	1,200	A retail nail salon which includes manicures, pedicures, wax paraffin treatments, waxing and facials and incidentally for the sale of nail polish or products related to nail polish
Petco Animal Supplies Stores, Inc. d/b/a Petco Supplies & Fish	Spring 2010 ²	10 years with 2 five-year renewal terms	13,500	The sale of pet food, pet supplies, live animals, pet grooming, pet training, veterinary services, related goods and services or for any other lawful retail use found in like kind centers

¹ The tenant is not required to take possession of the premises unless Target (or a suitable anchor replacement) has commenced construction at Adams Dairy Landing and is not required to open for business unless (a) Target, or a suitable anchor replacement, and (b) a minimum of 60% of the floor area of Adams Dairy Landing then constructed and available for occupancy, excluding the tenant's premises and the outlots/outparcels not owned by the landlord, are open for business or will open for business, simultaneously with the tenant's opening at Adams Dairy Landing.

² The tenant is not required to open for business unless at least 2 of the following: Target, Kohl's and Lowe's, or their suitable replacements, and at least 2 of the following: Gordmans, Staples, Michaels, Books-A-Million and Gap Outlet or Famous Footwear (only 1 tenant between the Gap Outlet and Famous Footwear may be used to satisfy this requirement), or their suitable replacements are open and operating for business.

<u>Tenant</u>	<u>Anticipated Opening Date</u>	<u>Approximate Term</u>	<u>Approximate Gross Square Footage</u>	<u>Permitted Use</u>
Sally Beauty Supply LLC	Fall 2009 ¹	5 years with 1 five-year renewal term	1,620	Sale of beauty supplies

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¹ The tenant is not required to open for business if Target or a suitable replacement has not opened or is not prepared to open for business simultaneously with the tenant's opening for business.

In addition, the Developer and Staples The Office Superstore East, Inc. (“Staples”) have executed a lease relating to 18,000 square feet. The lease term is for 10 years with 4 five-year renewal terms. The permitted uses under the lease are the retail sale and leasing of equipment (including computers and telecommunications equipment), furniture or supplies for business or office (including home office) use, and the provision of business or office services (including copying, printing, telecommunications, packing, shipping and business equipment repair services), for uses ancillary thereto, and for any other legal retail purpose found in similar shopping centers and not listed in the exclusives or prohibited uses set forth in the lease. While the Developer anticipates the opening of such store in the summer 2010,¹ the Developer has **not** provided a fully-executed counterpart to the lease to Staples. Pursuant to the provisions of the lease, **neither the Developer nor Staples shall have any obligation or liability to the other under the lease until the Developer delivers a fully-executed counterpart to the lease to Staples.** The Developer has provided a fully-executed copy of the lease to the applicable lender to the Developer, and the Developer has advised such lender that the Developer may elect to **not** deliver a fully-executed counterpart to the lease to Staples.

OCCUPANTS IN ADAMS DAIRY LANDING

Pursuant to an Agreement to Sell and Purchase Real Estate dated August 24, 2007, as amended, the Developer sold a tract of real estate within Adams Dairy Landing, containing approximately 11.67 acres, to Lowe’s. Pursuant to such agreement, Lowe’s agreed to construct a Lowe’s retail home improvement store of not less than 90,000 square feet. As of the date of this Official Statement, Lowe’s has not commenced construction.

Pursuant to a Purchase Agreement Shopping Center dated June 4, 2008, as amended, the Developer sold a tract of real estate within Adams Dairy Landing, containing approximately 10.24 acres, to Target. The Developer anticipates that Target will construct an approximately 131,000 square foot Target store for an anticipated opening on or around October 2009.

Pursuant to an Agreement of Sale dated as of January 29, 2009, as amended, the Developer sold an outparcel, containing approximately 1 acre, to M&I Marshall & Ilsley Bank which is expected to construct and operate a retail bank branch not to exceed 5,100 square feet (which size limit shall not include the drive-through canopies and other appurtenances), including parking areas, driveways, drive-through lanes and other improvements and facilities incidental thereto that are desired by M&I Marshall & Ilsley Bank. The Developer anticipates that such building will be completed by July 2012.

Pursuant to an Agreement of Sale dated February 9, 2009, as amended, the Developer sold an outparcel containing approximately 1.45 acres of land to Legend Development Group Adams Dairy, LLC which is expected to construct an approximately 6,400 square foot multi-tenant retail building. The Developer anticipates that such building will be completed within 12 months of closing.

Pursuant to a Real Estate Contract dated December 17, 2008, as amended, the Developer entered into an agreement to sell an outlot within Adams Dairy Landing, containing approximately 30,054 square feet, to United States Beef Corporation. The Developer anticipates that United States Beef Corporation will construct an approximately 2,800 square foot Arby’s restaurant, with a drive-through window for an anticipated opening within 12 months of closing. The Real Estate Contract contains a number of conditions precedent to the closing of the sale. There can be no assurance that the sale will be consummated. The Developer currently anticipates a closing date of September 30, 2009.

¹ The tenant is not required to open unless (a) Target (or a comparable user in Tenant’s reasonable business judgment) being open for business within the premises identified in the Lease, and (b) Lowe’s being open for business within the premises identified in the Lease, and (c) not less than 360,000 leaseable square feet of space (excluding the Staples premises) are being opened for business within the shopping center for retail purposes.

Pursuant to an Agreement of Sale dated March 25, 2009, GMRI, Inc. has agreed to acquire an approximately 1.97 acre outlot. The Developer anticipates that GMRI, Inc. will construct an Olive Garden restaurant, containing approximately 7,400 square feet, with an opening date on or before the date that is 720 days after closing. The Agreement of Sale contains a number of conditions precedent to the closing of the sale. There can be no assurance that the sale will be consummated. The Developer currently anticipates a closing date in October 2009.

THE TRANSPORTATION DEVELOPMENT DISTRICTS

Overview

Each of the transportation development districts is a transportation development district, and a political subdivision of the State of Missouri, formed under the TDD Act. Pursuant to the TDD Act, such districts are authorized to issue revenue bonds for the purpose of paying all or any part of the cost of any “project” under the TDD Act and to refund its outstanding bonds.

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

Adams Farm Transportation Development District

The Circuit Court of Jackson County, Missouri declared Adams Farm Transportation Development District organized on August 25, 2008. Including rights-of-way, Adams Farm Transportation Development District contains approximately 90 acres.

The TDD Act vests all power of Adams Farm Transportation District in a Board of Directors that is elected by the owners of property in Adams Farm Transportation District, which property owners currently include, among others, the City, Blue Springs Development Three, Inc., Target, Lowe’s, Meiners Market of Blue Springs, Missouri, L.L.C., Coronado Partners, LLC, Coronado Partners II, LLC, SDI Real Estate, LLC, Taco Bell of America, Inc., NOM Blue Springs, LLC, Blue Springs Roadhouse LLC, and CFT Developments, LLC. Members of the Board of Directors serve a term of three years, except that the term of the initial members of the Board of Directors are staggered so that the terms of the initial members are either one-year, two-year or three-year terms. Each director serves without compensation and may be removed by Adams Farm Transportation District with cause. The current directors and officers of Adams Farm Transportation District and the date on which their terms expire are as follows:

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<u>Name</u>	<u>Office</u>	<u>Principal Employment</u>	<u>Term Expires</u>
Megan Samples	Chairman, Executive Director and Director	RED Development	9/2/11
William Schultz	Vice-Chairman and Director	RED Development	9/2/11
Christine Cates	Treasurer and Director	City of Blue Springs	9/2/10
Todd Pelham	Director	City of Blue Springs	9/2/10
Heather Trower	Secretary and Director	RED Development	9/2/09

The retailers and other users currently located within Adams Farm Transportation District include (1) those retailers located at Adams Dairy Landing (see the caption “**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING**” herein) (2) those retailers located in the Coronado Place Development located at the northwest corner of the intersection of Adams Dairy Parkway and Coronado Drive, including Taco Bell, Panda Express, Texas Roadhouse restaurant, Adams Dairy Bank, NTB Tire Store, Panera, Sonic, AT&T and Vintage Stock, and (3) those retailers located in the Meiners Market area including Burger King and a convenience store/gas station.

In December 2008, the qualified voters of Adams Farm Transportation District (“Adams Farm TDD”) approved the imposition of a TDD Sales Tax in the amount of one percent (1%) on all transactions which are taxable pursuant to the TDD Act. The Adams Farm TDD Sales Tax began on January 1, 2009 and is to remain in effect for thirty years. The retail establishments located in Adams Farm TDD will collect the Adams Farm TDD Sales Tax and forward the TDD Sales Tax to the City.¹

Pursuant to the TDD Sales Tax Resolution adopted by the Adams Farm TDD, the City is designated as the District’s authorized representative to perform all functions incident to the administration, collection and enforcement of the Adams Farm TDD Sales Tax. Pursuant to the Cooperative Agreement between the City, Blue Springs Development Three, Inc., and the Adams Farm TDD, the City will serve as the collection agent for the Adams Farm TDD Sales Tax and will collect the sales tax and disburse the revenues in accordance with the Redevelopment Plan and the TDD Act.¹ Pursuant to State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed.

I-70 and Adams Dairy Parkway Transportation Development District

The Circuit Court of Jackson County, Missouri declared the I-70 and Adams Dairy Parkway Transportation Development District (the “Home Depot TDD”) organized on March 25, 2003. Including rights-of-way, the Home Depot TDD contains approximately 18.4 acres.

The TDD Act vests all power of the Home Depot TDD in a Board of Directors that is elected by the owner of property in the Home Depot TDD, which property owner is currently only Home Depot USA, Inc. Members of the Board of Directors serve a term of three years, except that the term of the initial members of the

¹ Pursuant to an amendment to the TDD Act, effective January 1, 2010, the Missouri Department of Revenue will collect the TDD Sales Tax for the Adams Farm TDD, currently retaining a 1% collection fee for such service.

Board of Directors are staggered so that the terms of the initial members are either one–year, two–year or three–year terms. Each director serves without compensation and may be removed by the Home Depot TDD with cause. The current directors and officers of the Home Depot TDD and the date on which their terms expire are as follows:

<u>Name</u>	<u>Office</u>	<u>Principal Employment</u>	<u>Term Expires</u>
Sonya Nave	Treasurer and Director	Home Depot	7/27/12
Debbie McAtee	Director	Home Depot	7/27/12
Rebecca Lutgen	Director	Home Depot	7/27/11
Kevin Duncan	Director	Home Depot	7/27/11
Jamie Virgil	Secretary and Director	Home Depot	7/27/10
Becky Ziegler	Records Custodian	White Goss Bowers March Schulte & Weisenfels, P.C. ¹	N/A
Brett Soloway	Executive Director	Home Depot	7/27/10

The only retailer currently located within the Home Depot TDD is Home Depot.

On September 1, 2003, the qualified voter of the Home Depot TDD approved the imposition of a TDD Sales Tax in the amount of 0.5% on all transactions which are taxable pursuant to the TDD Act. On July 27, 2009, the Home Depot TDD adopted a resolution which, subject to voter approval, will increase the TDD Sales Tax to 1.0% and the 0.5% incremental increase in the tax will remain in effect for ten years. On July 27, 2009, the Home Depot TDD adopted a resolution which, subject to voter approval, will add the applicable transportation projects #1-10 described below in the section “THE TRANSPORTATION PROJECTS.” On July 30, 2009, the qualified voter within the TDD approved the public vote to increase the TDD Sales Tax to 1.0%, and such increase became effective on August 1, 2009. The original 0.5% increment of the Home Depot TDD Sales Tax are devoted to pay for projects that are unrelated to the Adams Dairy Landing Development and the proposed bond issue. On July 20, 2009, the qualified voter within the Home Depot TDD also approved the public vote to add applicable transportation projects #1-10 described below in the section “THE TRANSPORTATION PROJECTS” as new eligible projects of the Home Depot TDD.

Pursuant to the Cooperative Agreement between the City and the Home Depot TDD, the Home Depot TDD will continue to collect the TDD Sales Tax and forward the revenues generated by the 0.5% incremental increase in the TDD Sales Tax to the City.² The revenues received by the City will be spent on the Transportation Projects discussed below. Pursuant to State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed.

¹ White Goss Bowers March Schulte & Weisenfels, P.C. serves as general counsel to the I-70 and Adams Dairy Parkway Transportation District.

² Pursuant to an amendment to the TDD Act, effective January 1, 2010, the Missouri Department of Revenue will collect the TDD Sales Tax for the Home Depot TDD, currently retaining a 1% collection fee for such service.

Coronado Drive Transportation Development District

The Circuit Court of Jackson County, Missouri declared the Coronado Drive Transportation Development District (the “Walmart TDD”) organized on June 23, 2009. Including rights-of-way, the Walmart TDD contains approximately 22.97 acres.

The TDD Act vests all power of the Walmart TDD in a Board of Directors that is elected by the owners of property in the Walmart TDD, which property owners currently include only Wal-Mart Stores East, L.P. Members of the Board of Directors serve a term of three years, except that the term of the initial members of the Board of Directors are staggered so that the terms of the initial members are either one-year, two-year or three-year terms. Each director serves without compensation and may be removed by the Walmart TDD with cause. The current directors and officers of the Walmart TDD and the date on which their terms expire are as follows:

<u>Name</u>	<u>Office</u>	<u>Principal Employment</u>	<u>Term Expires</u>
Megan Samples	Chairman and Director	RED Development	7/28/12
William Schultz	Vice-Chairman and Director	RED Development	7/28/12
Christine Cates	Treasurer and Director	City of Blue Springs	7/28/11
Todd Pelham	Director	City of Blue Springs	7/28/11
Heather Trower	Secretary and Director	RED Development	7/28/10
Shelley Ball	Executive Director	Wal-Mart	7/28/10

The only retailer currently located within the Walmart TDD is Wal-Mart.

On July 28, 2009, the qualified voters of the Walmart TDD approved the imposition of a TDD Sales Tax in the amount of 0.5% on all transactions which are taxable pursuant to the TDD Act. The TDD Sales Tax became effective on August 1, 2009 and is to remain in effect for ten years.

Pursuant to the Cooperative Agreement between the City and the Walmart TDD, the City is designated as the District’s authorized representative to perform all functions incident to the administration, collection and enforcement of the Adams Farm TDD Sales Tax and will collect the sales tax and disburse the revenues in accordance with the Redevelopment Plan and the TDD Act.¹ Pursuant to State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed.

¹ Pursuant to an amendment to the TDD Act, effective January 1, 2010, the Missouri Department of Revenue will collect the TDD Sales Tax for the Wal-Mart TDD, currently retaining a 1% collection fee for such service.

THE TRANSPORTATION PROJECTS

The revenue generated by the Adams Farm Transportation Development District, the I-70 and Adams Dairy Parkway Transportation Development District and the Coronado Drive Transportation Development District is anticipated to be used to pay for the following transportation projects, and associated improvements:

1. Horizontal and Vertical Reconstruction of Coronado Drive east of Adams Dairy Parkway providing for a divided 4-lane section roadway with nested left turn lanes including signalization improvements. (This improvement is under construction.)

2. Construction of the following improvements at the Adams Dairy Parkway and I-70 EB Ramp intersection:

- a. One additional Eastbound Right Turn Lane (not yet started)
- b. Modifications to the existing traffic signal. (under construction)

3. Construction of the following improvements at the Adams Dairy Parkway and I-70 EB Ramp intersection:

- a. One additional Through lane on the Northbound approach (not yet started)
- b. One additional Through lane on the Southbound approach (not yet started)
- c. Modifications to the existing traffic signal (under construction)

4. Construction of the following improvements at the Adams Dairy Parkway and I-70 WB Ramp intersection:

- a. One additional Through lane on the Northbound approach (not yet started)
- b. Extend Existing Dual Left Turn Lanes on the Northbound approach (not yet started)
- c. Modifications to the existing traffic signals (under construction)

5. Construction of the following improvements at the Adams Dairy Parkway and Coronado Drive intersection (all under construction):

- a. One additional Through lane on the southbound approach
- b. One additional Through lane on the eastbound and westbound approach
- c. One additional Right Turn lane on the northbound and southbound approach
- d. One additional Right Turn lane on the westbound approach
- e. One additional Left Turn lane on the northbound and southbound approach
- f. One additional Left Turn lane on the eastbound approach
- g. Modifications to the existing traffic signals

6. Construction of the following improvements at the Adams Dairy Parkway and RD Mize Road intersection (all complete):

- a. One additional Right Turn lane on the northbound approach
- b. One additional Right Turn lane on the westbound approach
- c. One additional Left Turn lane on the northbound and southbound approach
- d. One additional Left Turn lane on the westbound approach.
- e. Modifications to the existing traffic signals

7. Horizontal and Vertical Reconstruction of RD Mize Road east of Adams Dairy Parkway providing for a divided 4-lane section roadway with nested left turn lanes. Transition to 3-lane section roadway east of Plaza entrance. (complete)

8. Construction the following improvements at Coronado Drive and the Home Depot west entrance/AREA 3 entrance intersection: (all under construction)

- a. New traffic signals
- b. One Right Turn Lane along on north side of Coronado Drive
- c. Dual Left Turn Lanes on the westbound approach into Home Depot
- d. Upgrade existing western most approach to Home Depot
- e. New center median from Adams Dairy Parkway to intersection
- f. One additional through lane from Adams Dairy Parkway to intersection

9. Construction of cross access between AREA 3 of Adams Landing and Coronado Place inclusive of cross access easements and utility relocations. (under construction)

10: Construction of the following improvements at Coronado Drive and the Wal-Mart west entrance/Coronado Place entrance intersection (all under construction):

- a. New traffic signals
- b. Dual Left Turn lanes on the westbound approach into Wal-Mart
- c. One Left Turn on the eastbound approach into Coronado Place
- d. Upgrade existing western most approach to Wal-Mart
- e. Upgrade existing western most approach to Coronado Place
- f. New center median from the Home Depot signal to the intersection
- g. Taper to existing curb west of intersection
- h. One additional through lane from Home Depot signal to the intersection

The revenue generated by the Adams Farm Transportation Development District is also anticipated to be used to pay for the following additional transportation projects:

11. Land acquisition and construction and paving of access roads and parking lots with corresponding signage in areas northeast, southeast and northwest of Adams Dairy Parkway and Coronado Drive (under construction).

12. Improvements to land west of Adams Dairy Parkway and north of Coronado Drive identified in the Coronado Agreement (under construction).

- a. Grading;
- b. Concrete approaches
- c. Interior street curbs
- d. Interior street asphalt
- e. Interior storm sewer
- f. Construction management fees.

These projects are also Reimbursable Project Costs.

ABSENCE OF LITIGATION

There is no controversy, suit or other proceeding of any kind pending or, to the City's knowledge, threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, the Redevelopment Plan, or the legality of any official act shown to have been done in connection with the issuance of the Series 2009 Bonds, or the constitutionality or validity of the Series 2009 Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof.

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Bonds. The expected form of such opinion is attached as **Appendix E** hereto. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed upon for the City by its counsel, Robert McDonald, Esq., City Attorney and Williams & Campo, P.C., Lee's Summit, Missouri, special counsel to the City. Certain legal matters will be passed upon for the Developer by The Katz Law Firm, Overland Park, Kansas and Lewis Rice & Fingersh, L.C., Kansas City, Missouri.

TAX MATTERS

Opinion of Bond Counsel

Federal and Missouri Tax Exemption. In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law, the interest on the Series 2009 Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal and Missouri 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 and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the City 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 Series 2009

Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2009 Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2009 Bonds. The Series 2009 Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2009 Bonds.

Original Issue Discount Bonds

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.

Series 2009 Bonds Purchased at a Premium.

Series 2009 Bonds maturing in the years 2010, 2011, 2012, 2013, 2014, 2015 and 2019 have an initial offering price that exceeds the stated redemption prices of such Bonds at maturity. The excess of the purchase price of a Series 2009 Bond over its stated redemption price at maturity constitutes premium on such Bond, and such Bonds are referred to hereafter as a “Premium Bond.” Under Section 171 of the Code, the purchaser of a Premium Bond may elect to amortize any premium over such Bond’s term using constant yield principles, based on the purchaser’s yield to maturity. A holder amortizes bond premium by offsetting the qualified stated interest allocable to an accrual period with the bond premium allocable to that accrual period. This offset occurs when the holder takes the qualified stated interest into income under the holder’s regular method of accounting. If the bond premium allocable to an accrual period exceeds the qualified stated interest for that period, the excess is treated by the holder as a deduction under Section 171(a)(1) of the Code. In addition, the purchaser’s adjusted tax basis in such Bond is reduced by the amount of bond premium amortized. Such reduction in a purchaser’s adjusted tax basis will increase the gain (or decrease loss) realized for federal income tax purposes upon a sale, exchange, redemption, or other disposition of such Bond.

Other Tax Consequences

Prospective purchasers of the Series 2009 Bonds should be aware that ownership of the Series 2009 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 Series 2009 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2009 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 Series 2009 Bonds, including the possible application of state, local, foreign and other tax laws.

UNDERWRITING

Piper Jaffray & Co. (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Series 2009 Bonds from the City at an aggregate purchase price of \$14,138,465.55 (which is equal to the aggregate principal amount of the Bonds less net original issue discount of \$144,034.45 and less an underwriting discount of \$217,500.00). The Underwriter will be obligated to accept delivery and pay for all of the Series 2009 Bonds if any are delivered.

The Underwriter has entered into an agreement (the “Distribution Agreement”) with Advisors Asset Management, Inc. (“AAM”) for the distribution of certain municipal securities offerings allocated to the Underwriter at the original offering prices. Under the Distribution Agreement, if applicable to the Bonds, the Underwriter will share with AAM a portion of the fee or commission, exclusive of management fees, paid to the Underwriter.

The Series 2009 Bonds are being purchased by the Underwriter from the City in the normal course of the Underwriter’s business activities. The Underwriter intends to offer the Series 2009 Bonds to the public at a price not in excess of the offering price set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions from the public offering price to certain dealers, banks and others. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

CERTAIN RELATIONSHIPS

Gilmore & Bell, P.C. has represented the Underwriter from time to time on certain transactions, but did not represent the Underwriter in connection with the issuance of the Series 2009 Bonds.

REVENUE STUDY

Canyon Research Southwest, Inc., Tempe, Arizona (“Canyon”), has prepared the Revenue Study which is attached hereto as **Appendix C**. Certain financial and statistical data included in this Official Statement have been excerpted from the Revenue Study. The City makes no representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Revenue Study. No party assumes any responsibility to update such information after the delivery of the Series 2009 Bonds.

Pursuant to the State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed. The Revenue Study assumes that all taxpayers will be entitled to retain the 2%.

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

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APPENDIX A

CITY OF BLUE SPRINGS, MISSOURI

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THE CITY

General

The City is a municipal corporation and constitutional charter city, organized and existing under the laws of the State of Missouri. The City was incorporated in 1904 and is governed by the Mayor-City Council-City Administrator form of government. The City Council consists of six members, two elected from each of the City's three districts to serve staggered three-year terms, plus a mayor who is elected at-large every four years.

The City Administrator and the City Attorney are appointed by the Mayor with the approval of the City Council. The City Administrator is Eric Johnson, who has held that position since January, 2006. Prior to holding the position of City Administrator, Mr. Johnson was the Assistant City Administrator for the City. The person holding the office of City Administrator prior to Mr. Johnson retired in December, 2005, after holding that position with the City since 1978. The City Attorney, Robert K. McDonald, was appointed in 1986. The City Administrator is responsible for appointing all other department heads and for directing the operations of the City in accordance with policies set by the City Council. Christine Cates is the Director of Finance.

Municipal Services and Utilities

Utility service in the City is provided by a mix of public and private entities. Kansas City Power & Light Company provides electrical service to the City. Both residential and commercial properties receive water service from the City and Jackson County Public Water Supply District #13. The City purchases its water from Kansas City, Missouri, Independence, Missouri and Tri-County Water Authority. The City sewer services are provided by the Sni-A-Bar Wastewater Treatment Facility, owned and operated by the City and Little Blue Valley Sewer District. Missouri Gas Energy provides natural gas service. The City provides police protection for the City, while fire protection is provided by the Central Jackson County Fire Protection District and Prairie Township Fire Protection District.

Transportation and Communication Facilities

Three major highways intersect the City including Interstate 70, Missouri 7 and U.S. 40. Because of its location the City's workers have a short commute into the Kansas City Metropolitan Area. Great Western Railway is the primary railway line of the City, and the Atchison, Topeka and Santa Fe, Union Pacific and Chicago North Western Transportation serve the Kansas City area. Kansas City International Airport, just 40 minutes from Blue Springs, and Kansas City's Downtown Airport just 18 minutes away, provide both commercial and charter flights. Grain Valley Aviation, Inc., just 4 miles from the City, offers a private airport.

Educational Institutions and Facilities

The Blue Springs R-IV School District currently holds an "accredited" rating from the State Department of Elementary and Secondary Education, which is the highest rating attainable. The District encompasses fourteen elementary schools, four middle schools and two senior high schools with a total enrollment of over 13,000 students. The City's residents also have easy access to the Kansas City metropolitan area's many colleges and universities, community colleges and numerous technical schools.

Recreational Facilities

Ample wetlands and woodlands provide plenty of outdoor recreation. Blue Springs Federal Reservoir, two miles outside the city, features thirteen miles of shoreline for such water activities as swimming, fishing, boating, sailing, and water skiing. Lake Jacomo and Longview Lake are located minutes away and provide additional water sports activities. Burr Oak Woods Conservation Area offers five walking trails and 1,071 acres of woods and wildlife for nature lovers. In or within ten miles of the City, residents can take advantage of 20 public parks, 23 public tennis courts, 12 soccer fields, 3 public swimming pools and 2 country clubs. A recently opened YMCA/YWCA brings multiple programs and activities to the community. In 2004, the City issued

general obligation bonds to fund the completion of improvements to Gregory O. Grounds Park and Lake Remembrance to provide additional recreational opportunities.

Healthcare

St. Mary's Hospital is a full service acute care facility providing medical, surgical, pediatric, diagnostic and outpatient rehabilitation services. The 120 bed healthcare facility has a medical staff of 250 physicians and specialists. The hospital also offers 24-hour emergency medical services with 7 full-time paramedics. Besides St. Mary's Hospital, there are 22 other hospitals in the county offering a total of over 5,000 beds and a comprehensive range of healthcare services.

Economy

In 1970 the City had 6,779 residents. By 1980 the City had 25,936 residents. Today the City remains one of the fastest growing cities in Missouri with a 2000 Census of 48,080 residents. Over 81 percent of housing in the City is comprised of single-family structures. The City is a prime market for retailers, manufacturers and service firms. The business community is comprised of more than 1,200 small, medium and large firms offering all types of manufacturing, products and services.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

The City is included in the Kansas City metropolitan area providing a short commute for residents to jobs throughout the metropolitan area. Listed below are ten of the major employers located in the Kansas City metropolitan area and the number employed by each:

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>
1. Sprint Nextel Corp.	Communications	12,000
2. Wal-Mart Stores Inc.	Retail	7,400
3. McDonald's USA	Restaurant Chain	7,000
4. St. Luke's Health System	Health Care	6,403
5. HCA-Midwest Health System	Health Care	5,296
6. AT&T Inc.	Communications	5,230
7. Cerner Corp.	Health Care Information	4,800
8. Children's Mercy Hospitals & Clinics	Health Care	4,637
9. Ford Motor Co., Kansas City Assembly Plant	Automobile Manufacturing	4,465
10. DST Systems, Inc.	Information Processing / Software	4,425

Listed below are a few of the major employers located in or near the City and the number employed by each:

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>
1. Blue Springs R-IV School District	Education	2,131
2. St. Mary's Hospital	Health Care	774
3. WalMart Discount City	Retail	511
5. Fike Corporation (World HQ)	Manufacturer	350
8. HyVee	Grocery	350
4. Price Chopper	Grocery	305
6. Durvet	Veterinary Supplies	296
7. City of Blue Springs	Government	275
9. Kohl's	Retail Warehouse	225
10. Haldex	Manufacturer	207

Source: Chart 1 - Kansas City *Business Journal*, April 2009. Chart 2 – Blue Springs Chamber of Commerce.

General and Demographic Information

The following table sets forth certain population information.

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2008</u>
City of Blue Springs	6,779	25,936	40,153	55,031
Jackson County	654,178	629,266	633,232	668,417
State of Missouri	4,677,623	4,916,766	5,117,073	5,911,605

Source: Missouri Office of Administration, State Demographer's Office, July 2008.

Population Distribution by Age (2000 Census)

<u>Age</u>	<u>City of Blue Springs</u>	<u>Jackson County</u>	<u>State of Missouri</u>
Under 5	3,568	45,894	369,898
5-14 years	8,101	95,309	810,978
15-19 years	3,927	44,831	413,296
20-44 years	18,133	245,993	1,995,800
45-54 years	7,251	86,200	742,462
55-64 years	3,692	54,672	507,398
65 years and older	<u>3,408</u>	<u>81,981</u>	<u>755,379</u>
Total	<u>48,080</u>	<u>654,880</u>	<u>5,595,211</u>
Median Age	33.1	35.2	36.1

Source: 2000 Census, U.S. Census Bureau.

Employment

The following table sets forth unemployment figures for the last five years for Jackson County and the State of Missouri.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<i>Jackson County</i>					
Total Labor Force	337,663	334,653	333,477	338,027	334,380
Unemployed	23,329	21,262	18,891	19,427	22,935
Unemployment Rate	6.9%	6.4%	5.7%	5.7%	6.9%
<i>State of Missouri</i>					
Total Labor Force	2,985,686	2,996,836	3,016,211	3,031,187	3,012,126
Unemployed	171,725	160,482	144,878	152,788	182,837
Unemployment Rate	5.8%	5.4%	4.8%	5.0%	6.1%

Source: Missouri Department of Economic Development.

Income Statistics

The following table sets forth income figures from the 2000 Census:

	<u>Per Capita</u>	<u>Median Family</u>
City	\$23,444	\$61,008
Jackson County	20,788	48,435
State of Missouri	19,936	46,044

Source: 2000 Census, U.S. Census Bureau.

Housing Structures

The following table sets forth statistics on housing structures by type in the City from the 2000 Census.

	<u>Number of Units</u>	<u>Percentage of Units</u>
Single Family	14,432	81.1%
Mobile Home	75	0.4
Multi-Family	3,286	18.5

The median value of owner occupied housing units in the area of the City and related areas according to the 2000 Census were as follows:

	<u>Median Value</u>
City	\$108,300
Jackson County	85,000
State of Missouri	89,900

Source: 2000 Census, U.S. Census Bureau.

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 for new construction.

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>
2008	19	\$18,602,272	169	\$16,214,384
2007	8	9,331,457	268	23,558,938
2006	12	12,139,513	376	33,021,583
2005	13	7,992,000	336	30,037,992
2004	7	10,779,852	467	36,175,106

Source: City.

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The following table sets forth as of May 1, 2009, all of the outstanding general obligation indebtedness of the City:

<u>Name of Issue</u>	<u>Issue Date</u>	<u>Principal Amount</u>	<u>Amount Outstanding</u>
General Obligation Bonds (Series 2002A)	5/23/2002	\$4,940,000	\$4,275,000
General Obligation Bonds (Series 2004A)	9/2/2004	1,110,000	940,000
Limited General Obligation Bonds (Series 2009)	2/19/2009	18,725,000	<u>18,725,000</u>
			<u>\$23,940,000</u>

Debt Summary
(as of 5/01/09)

2008 Assessed Valuation:	\$756,158,001
2008 Estimated Actual Valuation:	\$3,416,025,160
Population (2008 Estimated)	55,031
Total Outstanding General Obligation Debt:	\$23,940,000
Overlapping Debt: ⁽¹⁾	\$88,572,572
Direct and Overlapping General Obligation Debt:	\$112,512,572
Ratio of General Obligation Debt to Assessed Valuation:	3.17%
Ratio of General Obligation Debt to Estimated Actual Valuation:	0.70%
Per Capita General Obligation Debt:	\$435.03
Ratio of Direct and Overlapping Debt to Assessed Valuation:	14.88%
Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	3.29%
Per Capita Direct and Overlapping Debt:	\$2,044.53

⁽¹⁾ Includes general obligation debt of political subdivisions with boundaries overlapping the City. See "Debt Structure of the City - Overlapping Indebtedness."

General Obligation Bond Debt Service Schedule

The following schedule shows the annual principal and interest payments on all outstanding general obligation bonds of the City:

<u>Calendar Year</u>	<u>Series 2002 GO Debt Service</u>	<u>Series 2004 GO Debt Service</u>	<u>Series 2009 NID Debt Service</u>	<u>Total Debt Service</u>
2009	\$881,576.26	\$113,163.75	\$405,303.56	\$1,400,043.57
2010	859,100.01	115,645.00	1,223,030.00	2,197,775.01
2011	874,943.76	112,845.00	1,235,655.00	2,223,443.76
2012	879,565.63	114,751.25	1,222,905.00	2,217,221.88
2013	876,893.75	116,470.00	1,234,780.00	2,228,143.75
2014	874,250.00	108,167.50	1,221,280.00	2,203,697.50
2015	481,750.00	119,552.50	1,550,530.00	2,151,832.50
2016	--	115,552.50	1,545,030.00	1,660,582.50
2017	--	116,400.00	1,536,530.00	1,652,930.00
2018	--	112,016.25	1,551,530.00	1,663,546.25
2019	--	112,392.50	1,540,030.00	1,652,422.50
2020	--	--	1,552,030.00	1,552,030.00
2021	--	--	1,556,905.00	1,556,905.00
2022	--	--	1,554,405.00	1,554,405.00
2023	--	--	1,549,405.00	1,549,405.00
2024	--	--	1,552,840.00	1,552,840.00
2025	--	--	1,554,520.00	1,554,520.00
2026	--	--	1,553,320.00	1,553,320.00
2027	--	--	1,552,750.00	1,552,750.00
2028	--	--	1,552,500.00	1,552,500.00
2029	--	--	1,568,250.00	1,568,250.00
Total	<u>\$5,728,079.41</u>	<u>\$1,256,956.25</u>	<u>\$29,813,528.56</u>	<u>\$36,798,564.22</u>

Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness (including general obligation bonds) of political subdivisions with boundaries overlapping the City as of May 1, 2009, and the percent attributable (on the basis of current assessed valuation) to the City. The table was compiled from information furnished by the State Auditor's office, 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 or capital leases, the amounts of which cannot be determined at this time.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Blue Springs R-IV School District	\$140,815,000	55.84%	\$78,631,096
Grain Valley R-V School District	35,150,000	8.42	2,959,630
Lee's Summit R-VII School District	201,590,000	0.24	483,816
Central Jackson County Fire Protection District	8,700,000	74.69	<u>6,498,030</u>
Total Overlapping Indebtedness			<u>\$88,572,572</u>

Water and Sewer Revenue Obligations

There are currently no Combined Waterworks and Sewerage System Revenue Bonds outstanding. In June 1981, the voters of the City approved the issuance of \$19,100,000 water and sewer system revenue bonds for the construction of a water treatment plant and improvements to the water system. Of this amount, \$15,300,000 remains authorized but unissued and the City has no current plans to issue the remaining amount.

Long Term Lease Obligations

In June 2005, the City issued \$9,800,000 Refunding Certificates of Participation for the purpose of refunding all outstanding Leasehold Revenue Bonds issued through the Public Building Authority of Blue Springs. These Certificates are payable through September 2025 at interest rates from 3.00% to 4.50% with an outstanding balance as of December 2008 in the amount of \$7,800,000.

Capital leases attributable to the operation of the City's golf course remain outstanding as of December 2008 in the amount of \$278,350.

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10 percent of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10 percent for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. Article VI, Section 26(e) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10 percent for the purpose of purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. Article III, Section 38(c) and the Act provide that a city may, by a two-thirds (four-sevenths at certain elections) or pursuant to a petition submitted by two-thirds of property owners within a district, incur indebtedness in an amount not exceeding an additional 10 percent for the purpose of paying for all or part of the cost of improvements in neighborhood improvement districts, provided that the total general obligation indebtedness of a city does not exceed 20 percent

of the assessed valuation. The legal debt capacity of the City is \$151,231,600 and the legal debt margin of the City is \$127,291,600.

Defaults on City Indebtedness

The City has never defaulted on the payment of any of its debt obligations.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting and Auditing Procedure

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments. The modified accrual basis of accounting is utilized by all governmental and agency fund types. Under the modified accrual basis of accounting, revenues are recorded as collected unless susceptible to accrual, i.e., amount measurable and available to finance the City's operations or of a material amount and not received at the normal time or receipt. Significant revenues that are considered susceptible to accrual include delinquent property taxes (on the basis of amounts expected to be collected within sixty days of year end), sales, utility and franchise taxes, interest and certain state and federal grants and entitlements. Expenditures, other than interest on long-term debt, are recorded when the fund liability is incurred.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and expenditures are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until received.

City policies require an annual independent audit to be made of the financial statements of the various funds and account groups by an independent certified public accounting firm selected by the City Council. Cochran, Head, Vick and Co., P.C, conducted the audit for fiscal year 2008.

Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Blue Springs, Missouri for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007. This was the 25th consecutive year that the City has received this award. The City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriation budget dated October 1, 2007. This was the 22nd consecutive year the City has received this award.

Budget Process

The City's budget process is a nine-step procedure as follows:

1. Late March to Early April - Departments begin formulating their departmental budgets. Finance Department holds work sessions with Departments
2. Mid April - Departments submit program objectives and budget requests to the City Administrator.
3. Late April to late May - The City Administrator meets with department directors to discuss goals, objectives, budget requests, capital improvement projects and program measurements. Internal review and analysis of budget requests is performed.
4. June - The City Administrator formulates a balanced budget.

5. July - The City Administrator assembles and distributes a recommended line-item budget to the Mayor and City Council (budget is submitted on August 1).
6. Late August - The City advertises that a public hearing will be held on the budget. City Council holds budget work session.
7. Early September - The Mayor and City Council hold a public hearing on the budget to obtain taxpayer comments.
8. Late September - The Mayor and City Council adopt the budget.
9. October 1 - The budget becomes effective.

The City Administrator is authorized to approve overspending of budgeted line items. However, any major overspending of budgeted departmental expenditures or fund budgets requires approval by the City Council.

Sources of Revenue

The City finances its general operations in the General, Special Revenue, Debt Service and Capital Project Funds through the following taxes and other miscellaneous sources as indicated below for fiscal year 2008:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$21,755,056	65.0%
Licenses, Permits & Fees	746,020	2.2
Intergovernmental	3,576,748	10.7
Charges for Services	4,870,792	14.6
Fines and Forfeitures	777,911	2.3
Interest	894,555	2.7
Other Revenue	844,369	2.5
	<u>\$33,465,451</u>	<u>100.0%</u>

Tax Increment Financing

The City has created five tax increment financing districts within the City to reimburse redevelopment project costs to assist in the developments. These costs are payable solely from moneys on deposit in a "special allocation fund." The moneys deposited into the special allocation fund may consist of (a) certain payments in lieu of taxes, attributable to the increase in assessed valuation of the real property within the districts as a result of development, and (b) fifty percent of the total additional revenue from taxes (including the sales taxes of the City and the county, but excluding certain other taxes) of local taxing districts which are generated by economic activities within the districts over the amount of such taxes generated by economic activities within the year in the calendar year in which the districts were created. As a result, the payments in lieu of taxes attributable to the increase in assessed valuation of the real property within the districts and up to fifty percent (50%) of the additional revenues generated by the sales taxes within such districts over the amount so generated in the year in which each such district was created may not be available to the City but instead might be deposited into the special allocation fund and used to pay redevelopment project costs related to the respective developments.

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 2008 assessment (the last completed assessment):

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$499,748,063	19%	\$2,630,252,963
Commercial	124,984,737	32	390,577,303
Agricultural	<u>172,367</u>	12	<u>1,436,392</u>
Sub-Total	624,905,167		3,022,266,658
Personal Property	<u>131,252,834</u>	33 1/3%*	<u>393,758,502</u>
Total	<u>\$756,158,001</u>		<u>\$3,416,025,160</u>

* 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 in each of the following years, has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2008	\$756,158,001	1.6%
2007	744,248,275	7.0
2006	695,710,373	3.0
2005	675,307,330	8.1
2004	624,599,073	2.8
2003	607,576,964	N/A

Property Tax Levies and Collections

Tax Collection Procedure:

Property taxes are levied and collected by the City. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates

required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

Tax Rates

Debt Service Levy. The current debt service levy of the City is \$0.15 per \$100 of assessed valuation. Once indebtedness has been approved by the constitutionally required percentage of the voters voting therefore and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The City Council may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The current general fund levy of the City is \$0.5489 per \$100 of assessed valuation. The general fund levy cannot exceed the "tax rate ceiling" for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1984 or the most recent voter-approved tax rate. The tax levy for debt service on the City's general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City's general fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition. The current tax rate ceiling for the general fund is \$0.5489 per \$100 of assessed valuation.

The following table shows the City's tax levies (per \$100 of assessed valuation) for each of the last five years:

<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Levy</u>
2008	\$0.5471	\$0.15	\$0.6971
2007	0.5529	0.15	0.7029
2006	0.5527	0.15	0.7027
2005	0.5640	0.15	0.7140
2004	0.5630	0.15	0.7130

Tax Collection Record:

The following table sets forth tax collection information for the City for the last five years.

<u>Tax Year</u>	<u>Total Levy</u>	<u>Taxes Levied</u>	<u>Current and Delinquent Taxes Collected</u>	
			<u>Amount</u>	<u>%</u>
2008	\$0.6971	\$5,195,766	\$5,071,884	97.62%
2007	0.7029	4,939,713	4,863,832	98.46
2006	0.7027	4,762,600	4,728,251	99.28
2005	0.7140	4,430,699	4,405,419	99.43
2004	0.7130	4,319,897	4,300,322	99.55

Major Property Taxpayers

The following table sets forth the ten largest property taxpayers in the City based upon the 2008 assessed valuation.

<u>Name of Taxpayer</u>	<u>Local Assessed Valuation</u>	<u>Percentage of Total Local Assessed Valuation</u>
1. Wal-Mart	\$6,039,507	0.81%
2. Ward, George & Jeanette	4,032,321	0.54
3. KCP&L	3,538,774	0.48
4. HD Development of Maryland Inc.	2,017,785	0.27
5. Blue Springs 1 LLC	1,834,455	0.25
6. Haldex Brake Products	1,748,562	0.23
7. St. Mary's Hospital	1,664,001	0.22
8. Fike Metal Products Corp.	1,656,706	0.22
9. WMBS Holdings, Inc.	1,640,000	0.22
10. AT&T	1,531,821	0.21

Source: City's Comprehensive Annual Financial Report, FY 2008.

Sales Tax Collections

The following table sets forth the last five fiscal years of sales tax collections of the City, on a cash basis.

<u>Year</u>	<u>Sales Tax</u>
2008	\$10,119,903
2007	10,057,093
2006	9,690,850
2005	9,587,464
2004	9,690,850

Source: City's Comprehensive Annual Financial Report, FY 2008.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**



**CITY OF BLUE SPRINGS, MISSOURI
For The Fiscal Year Ended
September 30, 2008**

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CITY OF BLUE SPRINGS, MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For The Fiscal Year Ended
September 30, 2008

Prepared by the Finance Department



CITY OF BLUE SPRINGS, MISSOURI

Comprehensive Annual Financial Report

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Introductory Section

**CITY OF BLUE SPRINGS
LISTING OF OFFICIALS**

As of September 30, 2008

ELECTED OFFICIALS

Carson Ross
Mayor
Lyle Shaver
Councilman
Sheila Solon
Councilman
Ronald Fowler
Councilman
Jeanie Lauer
Councilman
Kent Edmondson
Councilman
Mary Reed
Councilman

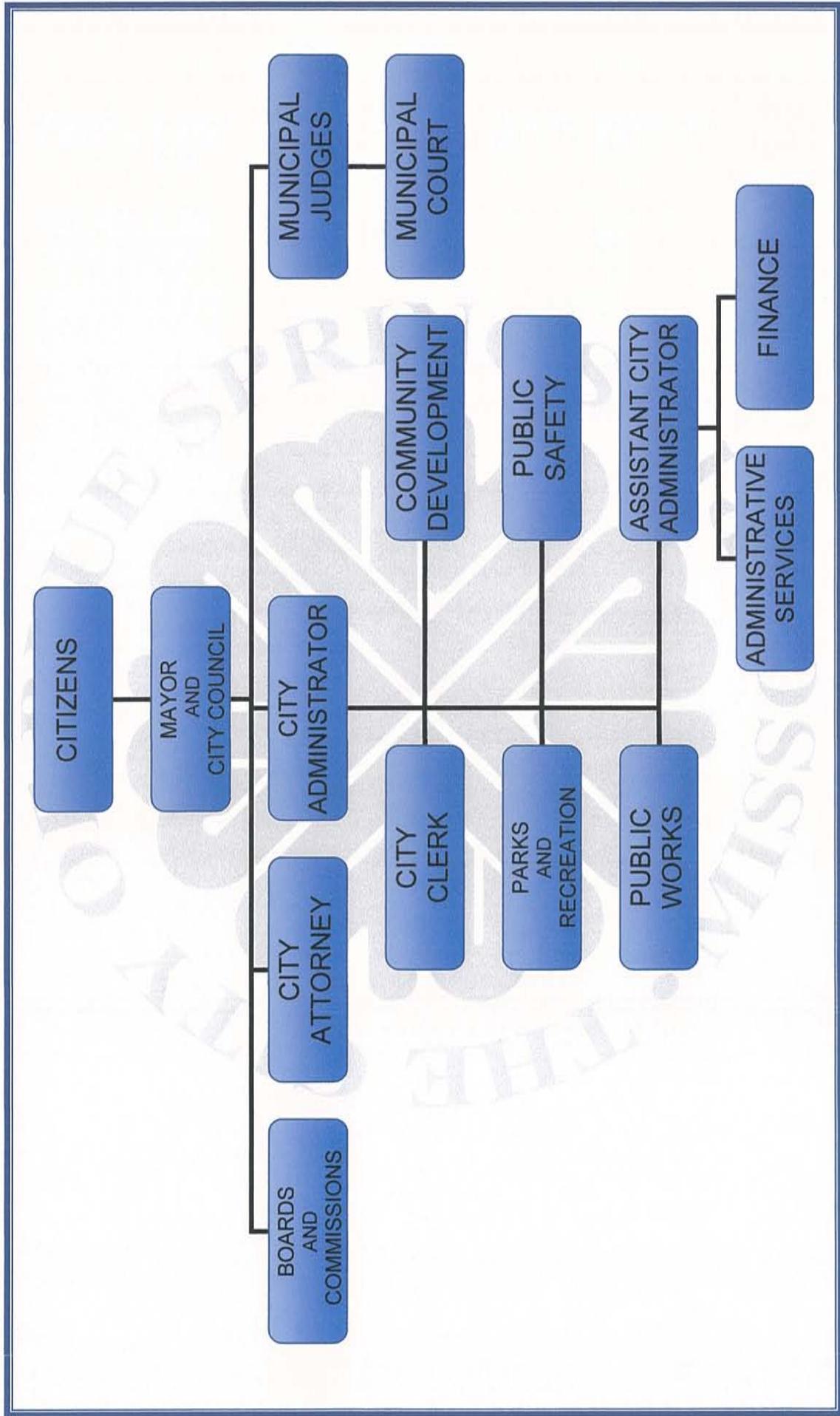
CITY OFFICIALS

Eric Johnson
City Administrator
Todd Pelham
Assistant City Administrator
Kathleen Richardson
City Clerk
Sheryl Morgan
Assistant City Clerk
Robert McDonald
City Attorney
John Jack
Municipal Judge
Don Logrosso
Municipal Judge

DEPARTMENT MANAGERS

Oliver DeGrate
Director of Public Works
Roscoe Righter
Director of Parks, Recreation & Facilities
Wayne McCoy
Chief of Police
Scott Allen
Director of Community Development
Sue Heiman
Director of Human Resources
Christine Cates
Director of Finance
Carlos Lebron
Director of Information Systems

City of Blue Springs, Missouri Organizational Chart





City of Blue Springs

903 W. Main Street
Blue Springs, MO 64015-3779

January 9, 2009

Honorable Mayor, Members of the City Council, and Citizens of the City of Blue Springs:

The Comprehensive Annual Financial Report of the City of Blue Springs, Missouri for the fiscal year ended September 30, 2008, is hereby submitted for your review. This report is submitted for your review in compliance with the provisions of Article V, Section 5.4 (f) of the City Charter.

The responsibility for the accuracy of the data and the completeness and fairness of its presentation, including all disclosures, rests with the City of Blue Springs. To the best of our knowledge and belief, the financial statements are accurate in all material aspects and are presented in a manner that fairly depicts the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The report was prepared by the City's Finance Department staff in accordance with generally accepted accounting principles (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States. This report is intended to provide sufficient information to permit the assessment of stewardship and accountability and to demonstrate legal compliance.

The City of Blue Springs' financial statements, as required by the Charter, have been audited by Cochran, Head, Vick and Co., P.C. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was reasonable basis for rendering an unqualified opinion that the City of Blue Springs' financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Blue Springs was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the City of Blue Springs' separately issued Single Audit Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the City

The City of Blue Springs was incorporated in 1880 and became a fourth-class city in 1904. Under the provisions of the Missouri State Statutes governing fourth-class cities, a Mayor/Board of Alderman/ City Administrator form of government was adopted. On April 6, 1993, the citizens of Blue Springs voted to create a Charter Commission that was charged with the task of drafting a Home Rule Charter. The Commission submitted their proposed Charter to the citizens on April 5, 1994, which recommended the establishment of a Mayor/City Council/City Administrator form of government. Upon approval of the voters, the new City Charter became effective with the first meeting of the City Council on April 18, 1994. In accordance with the newly adopted Home Rule Charter, the registered voters within the City elect a Mayor for a four-year term and six Council members, two from each of three geographic districts, to serve staggered three-year terms as representatives on the City Council.

the new City Charter became effective with the first meeting of the City Council on April 18, 1994. In accordance with the newly adopted Home Rule Charter, the registered voters within the City elect a Mayor for a four-year term and six Council members, two from each of three geographic districts, to serve staggered three-year terms as representatives on the City Council.

All policy making and legislative authority are vested in the City Council. This body is responsible for passing ordinances, adopting the budget, appointing committees and hiring the City Administrator. The City Administrator, as chief administrative officer of the City, is responsible for carrying out the policies and ordinances adopted by the Governing Body, overseeing the day-to-day operations of the City and for appointing the directors of the various City departments. This position serves at the discretion of the City Council.

The City of Blue Springs provides a full range of municipal services including police protection; water and sanitary sewerage utilities; planning, construction and maintenance of highways, streets and infrastructure; emergency medical service; community planning and development; planning, maintenance and construction of parks facilities; recreational activities; youth outreach programs; "50-Plus" social services; and general administrative oversight.

In fulfilling its responsibilities for reliable financial statements, management depends on the City's system of internal control. This system is designed to provide reasonable assurance that assets are effectively safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded.

The City Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City of Blue Springs' financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department directors may transfer resources within a department as they see fit. Transfers between departments, however, need approval from the City Administrator.

Factors affecting Financial Condition

Local Economy. Blue Springs is strategically located near the center of Jackson County, Missouri at the eastern edge of the Kansas City metropolitan region and covers 22.11 square miles of territory. The community is served by two state highways (7 and 40) and one Interstate highway (I-70), providing convenient commuter access to the various cultural, educational, social, legal, financial and marketing institutions of the region. The community is also served by Kansas City Southern Railroad, which provides efficient rail service connections for several industrial sites within the City.

Blue Springs has proven to be one of the fastest growing cities in Missouri over the last 30 years. In the 1970's, its total population quadrupled over the previous decade. Following the 1990 census, it was reported that, during the previous decade, Blue Springs was one of the top ten fastest growing cities in the state of Missouri with the population increasing by 54.8% to a total of 40,153 residents. The results of the 2000 Census revealed that the City has again increased in population during the last decade by another 20% to a total of 48,050. The 2008 Census estimate revealed an additional increase in population to 55,031, an increase of 14.5% since 2000.

Long-term financial planning.

The City of Blue Springs prepares a six-year financial projection of financial condition, which includes capital outlay projections as well as a six-year Capital Improvement Program (CIP). The CIP includes proposed budgets for constructing, maintaining, upgrading, and replacing the City's physical infrastructure. The fiscal year 2008-09 budget includes projects totaling an estimated \$5.6 million on capital projects. In preparing the budget, needs are assessed, public improvements are prioritized and costs are projected. This budget is reviewed annually and projects are re-prioritized and the financial condition of the City is evaluated.

The City's policy is to maintain a contingency fund balance in the General Fund equal to 20 percent of annual operating expenditures. The fund balance in the general fund falls within the policy guidelines set by the Council for budgetary and planning process.

Cash Management Policies and Practices. The City is committed to ensuring the efficient and profitable investment of its cash resources. Cash temporarily idle during the year is invested, in certificates of deposit, federal agency discount notes, treasury bills or money market investment accounts. The City's policy is to minimize risk and ensure liquidity while maintaining a competitive yield on its portfolio. Accordingly, all cash deposits and investments are secured either by federal depository insurance coverage or through securities pledged as collateral. These collateralized securities are held by a third-party, with safekeeping receipts

issued in the name of both the City of Blue Springs and the financial institution awarded the bid for the purchase of the investment security.

Risk Management .The City is a member of the Mid-America Regional Council Insurance Trust (MARCIT), a not-for-profit corporation, organized in 1984. This entity, a consortium of cities and counties, acquires insurance coverage for its members through a purchasing pool. MARCIT is not a joint venture activity of the City nor is it included in the City's financial statements. Control for budgetary decisions, accounting and financial activities or management selection rests entirely with MARCIT and is not under the City's control. Coverage is maintained through both conventional insurance and self-insurance funding. Types of coverage which are provided under MARCIT are: employee medical and dental insurance plans; workers' compensation insurance; and property and casualty liability insurance.

A Board of Directors, consisting of eleven individuals, governs and monitors all activities of MARCIT, including loss control. A private corporation administers all claims and marketing. Each city participating in MARCIT is experience-rated. A third-party insurer supplies some insurance coverage.

The City also has a self-insurance plan covering disability benefits, and the employer is reimbursed for unemployment insurance benefits.

Major initiatives

The City Council approved the Woods Chapel Tax Increment Financing project that will bring over 154,875 square feet of new retail to the City within the next few years. This project is anticipated to enhance the sales tax revenue generated within the City and will provide additional shopping and amenities for the citizens of western Blue Springs. The City has also approved a Memorandum of Understanding between the Blue Springs Economic Development Corporation, the University of Missouri and the City for the development of a knowledge based science and technology Innovation Park.

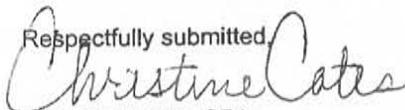
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Blue Springs, Missouri for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007. The City has been the recipient of this award since 1982.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our 2008 report continues to conform to the Certificate of Achievement program requirements, and we will submit this report to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriation budget dated October 1, 2007. In order to qualify for this Award, the City's budget document must be judged to be proficient in several categories including policy documentation, financial planning and organization.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Due credit should also be given to the Mayor and the members of the City Council for their continued interest and support in planning and conducting the affairs of the City in a responsible and progressive manner.

Respectfully submitted,

Christine Cates, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Blue Springs
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Financial Section



1251 NW Briarcliff Parkway
Suite 125
Kansas City, MO 64116
(816) 584-9955
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of City Council
City of Blue Springs, 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 the aggregate remaining fund information of the City of Blue Springs, Missouri (the City) as of and for the year ended September 30, 2008, 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 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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 September 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11 to the financial statements, the City adopted the provisions of GASB No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, in 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2009, 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, and 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 important for assessing the results of our audit.

Other Offices

1333 Meadowlark 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 and budgetary comparison information which appear as listed on 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 the 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 City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis are not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

January 9, 2009

Cochran Neal Vick & Co., P.C.

**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

This discussion and analysis of the City of Blue Springs (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$151,325,553 (net assets). Of this amount, \$18,419,428 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$6.4 million. Business-type activities accounts for a decrease of \$.8 million in net assets while governmental activities net assets decreased by \$5.6 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,241,823, a decrease of \$750,687 in comparison with the prior year.
- Approximately 77 percent or \$15,586,894 of the combined governmental fund balances of \$20,241,823 is available for meeting on-going general government expenditures. This is slightly lower than the prior year due to the transfer from the General Fund to the Capital Projects Fund for the Woods Chapel Road construction project.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$1,826,687 or 8 percent of total general fund expenditures.
- The City's total debt increased by \$1,309,026 or 4 percent during the current fiscal year. The key factor in this increase was the certification of costs totaling \$2,794,979 for the Hwy 7 & 40 Hwy TIF project. The City also defeased \$400,000 in general obligation bond debt with available fund balance.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets.

- Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Blue Springs is improving or deteriorating.
- Other non-financial factors to consider are changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the overall health of the City.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

The government-wide financial statements of the City can be divided into two categories:

- **Governmental activities** – Most of the City's basic services are reported in this category, including General Government, Public Works, Highways and Streets, Public Safety, and Parks & Recreation. Property taxes, sales taxes, gross receipts taxes, user fees, interest income, and state and federal grants finance these activities.
- **Business-type activities** – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The Water Fund, Sewer Fund, and Golf Course Fund are included here.

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Blue Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The City uses three types of funds to manage resources: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds** – Most of the City's basic services are reported 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 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.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

- **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.
 - The City uses one internal service fund, Central Garage, to report activities that provide supplies and services for the City's other programs and activities.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

- **Fiduciary funds** – are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Blue Springs own programs. The City is the fiduciary for the Jackson County Tax, Employees Flex Benefits and Eastern Jackson County Betterment Council agency funds.

The basic fiduciary fund financial statements can be found on page 29 of this report.

**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

Notes to the basic financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are on pages 30-52 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning budgetary comparison schedules for the general fund. Required supplementary information can be found on pages 53-56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets

The following Table (MD-1) reflects the condensed Statement of Net Assets:

**Table MD-1
City of Blue Springs' Net Assets**

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 23,714,539	\$ 25,600,858	\$ 15,099,959	\$ 17,752,993	\$ 38,814,498	\$ 43,353,851
Capital assets	81,961,050	85,263,491	71,985,246	71,652,141	153,946,296	156,915,632
Total assets	<u>105,675,589</u>	<u>110,864,349</u>	<u>87,085,205</u>	<u>89,405,134</u>	<u>192,760,794</u>	<u>200,269,483</u>
Other liabilities	2,285,047	3,338,931	2,097,127	3,497,459	4,382,174	6,836,390
Long-term debt	14,727,723	13,297,888	22,325,345	22,446,154	37,053,068	35,744,042
Total liabilities	<u>17,012,770</u>	<u>16,636,819</u>	<u>24,422,472</u>	<u>25,943,613</u>	<u>41,435,242</u>	<u>42,580,432</u>
Net assets:						
Investment in capital assets, net of related debt	73,392,096	75,421,297	49,883,666	53,298,946	123,275,762	128,720,243
Restricted	9,141,264	9,363,978	489,099	504,990	9,630,363	9,868,968
Unrestricted	6,129,460	9,442,255	12,289,968	9,657,585	18,419,428	19,099,840
Total net assets	<u>\$ 88,662,820</u>	<u>\$ 94,227,530</u>	<u>\$ 62,662,733</u>	<u>\$ 63,461,521</u>	<u>\$ 151,325,553</u>	<u>\$ 157,689,051</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Blue Springs, assets exceeded liabilities by \$151,325,553 at September 30, 2008.

The largest portion of the City's net assets \$123,275,762 (82 percent) reflects its investment in capital assets (e.g., land buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Blue Springs uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets \$9,630,363 (6 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets total \$18,419,428 (12 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets decreased by \$6.4 million or 4% during the current fiscal year. The majority of this decrease is reflected in the fact that depreciation expense was \$3.6 million higher than new capital assets. In addition, the City certified costs of \$2.7 million for the Copperleaf Village TIF and the Hwy 7 & 40 Hwy TIF projects.

**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

Changes in Net Assets

The following Table (MD-2) reflects the revenues and expenses from the City's activities:

**Table MD-2
City of Blue Springs' Changes in Net Assets**

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 6,620,567	\$ 6,383,749	\$ 14,345,895	\$ 14,862,913	\$ 20,966,462	\$ 21,246,662
Operating grants and contributions	684,440	718,617	-	-	684,440	718,617
Capital grants and contributions	1,529,944	10,522,467	289,624	2,572,073	1,819,568	13,094,540
General revenues						
Property taxes	5,421,561	5,153,731	-	-	5,421,561	5,153,731
Sales taxes	10,119,903	10,057,093	-	-	10,119,903	10,057,093
Franchise taxes	5,413,715	3,705,535	-	-	5,413,715	3,705,535
Hotel tax	591,127	586,635	-	-	591,127	586,635
Other taxes	1,759,356	1,802,724	-	-	1,759,356	1,802,724
Unrestricted investment earnings	894,555	966,719	613,828	966,158	1,508,383	1,932,877
Gain on disposal	-	-	-	-	-	-
Other	718,366	1,500,396	-	-	718,366	1,500,396
Total revenues	33,753,534	41,397,666	15,249,347	18,401,144	49,002,881	59,798,810
Expenses:						
General government	9,417,156	7,241,811	-	-	9,417,156	7,241,811
Public works	1,085,815	1,114,645	-	-	1,085,815	1,114,645
Highways and streets	12,583,751	18,328,434	-	-	12,583,751	18,328,434
Public safety	11,387,848	10,844,451	-	-	11,387,848	10,844,451
Parks and recreation	3,926,097	3,644,910	-	-	3,926,097	3,644,910
Water	-	-	7,028,585	7,133,548	7,028,585	7,133,548
Sewer	-	-	7,248,223	6,365,722	7,248,223	6,365,722
Golf course	-	-	1,920,248	1,851,144	1,920,248	1,851,144
Interest on long-term debt	768,656	807,943	-	-	768,656	807,943
Total expenses	39,169,323	41,982,194	16,197,056	15,350,414	55,366,379	57,332,608
Increase (decrease) in net assets before transfers	(5,415,789)	(584,528)	(947,709)	3,050,730	(6,363,498)	2,466,202
Transfers	(148,921)	(143,003)	148,921	143,003	-	-
Changes in net assets	(5,564,710)	(727,531)	(798,788)	3,193,733	(6,363,498)	2,466,202
Net assets, October 1	94,227,530	94,955,061	63,461,521	60,267,788	157,689,051	155,222,849
Net assets, September 30	\$ 88,662,820	\$ 94,227,530	\$ 62,662,733	\$ 63,461,521	\$ 151,325,553	\$ 157,689,051

Governmental activities. Several factors caused net assets for governmental activities to decrease by \$5,564,710. Key elements of these changes are as follows:

Increases in expenses closely paralleled inflation and growth in the demand for services. The general government expenses were significantly higher than last year due to economic development related expenditures for three tax increment financing projects. The City was reimbursed for some of these expenses which explain the increase in other revenues. Highways and streets included the widening project for south Missouri Highway 7 which is not capitalized as a City asset because Highway 7 is a state-owned highway. Depreciation expense was \$3.6 million higher than newly acquired capital assets.

**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

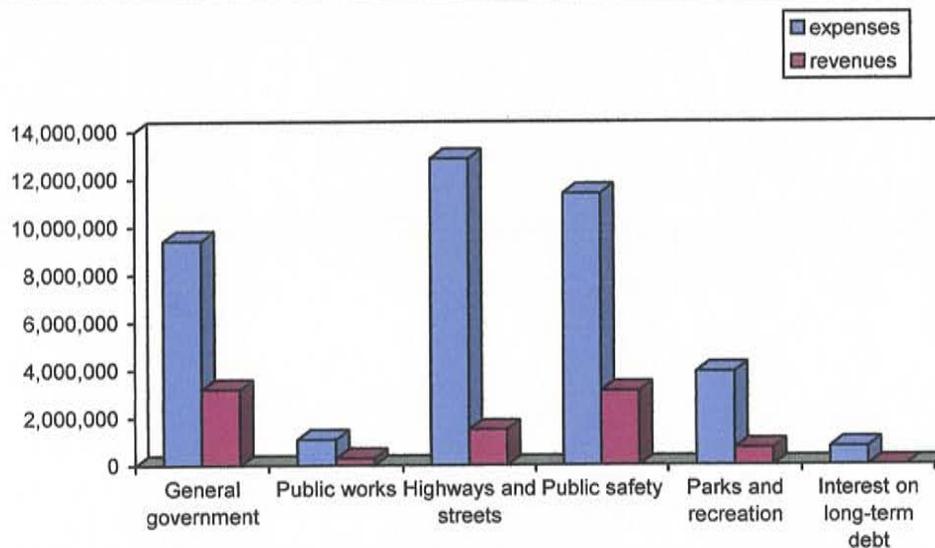
Other changes in revenue from 2007 are as follows:

- Sales taxes increased by \$62,810 or .6 percent over 2007. The growth trend has slowed due to the overall economy.
- Property taxes increased by \$267,830 or 5.2 percent during the year. Most of this increase is due to new construction.
- Charges for Services increased by \$236,818 or 3.7 percent in 2008 mostly due to an increase in EMS revenues. EMS revenues have increased significantly as a result of the third-party billing company the City engaged as outlined in the 2006 EMS Study.
- Franchise taxes increased by \$1,708,180 or 46.1 percent due to settlements for wireless communications franchise taxes for Sprint/Nextel and AT&T and the seasonal utility usage fluctuations and rate increases.
- Capital Grants and Contributions decreased by \$8,992,523 or 85.46 percent due to the completion of south Highway 7 which was not capitalized since it is a State Hwy. and a \$4.5 million decrease in contributed capital for highways and streets. This decrease is consistent with the slowing of construction due to the overall economy and is reflected in the reduction of building permits issued.
- Operating Grants and Contributions decreased by \$34,177 or 4.8 percent due to the completion of several Missouri Department of Transportation Highway Safety Grants; including Hazardous Moving Violations, Destination Safe and Sobriety Checkpoint.
- Investment interest earnings decreased by \$72,164 or 7.5 percent due to a decrease in rates earned on investments. This is in direct relationship to the current overall economy.

Expenses and Program Revenues – Governmental Activities

The following Table (MD-3) reflects the expenses and revenues from the City's governmental activities:

**Table MD-3
City of Blue Springs' Expenses and Program Revenues-Governmental Activities**

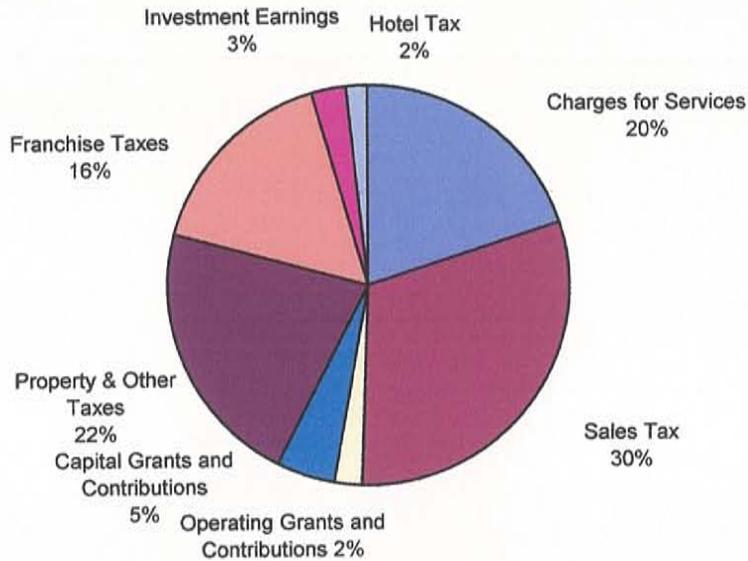


**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

Revenues by Source– Governmental Activities

The following Table (MD-4) reflects the revenues by source from the City's governmental activities:

**Table MD-4
City of Blue Springs' Revenues by Source-Governmental Activities**



Business-type activities. Business-type activities net assets decreased by \$798,788 or 1.3 percent. Key elements of this decrease are as follows:

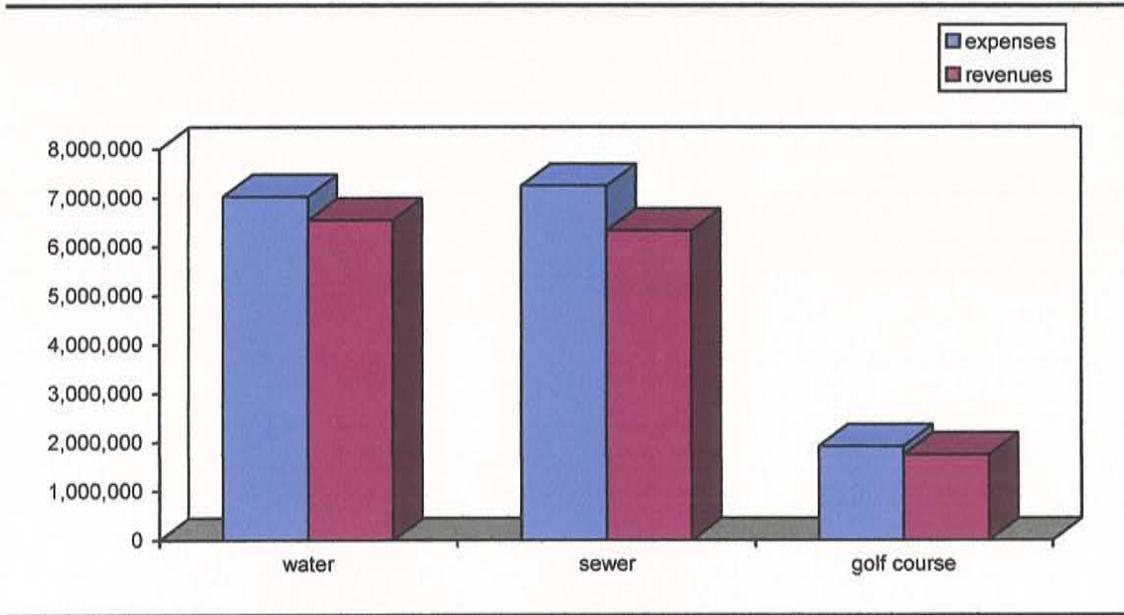
- Investment interest earnings decreased by \$352,330 or 36 percent due to a decrease in rates earned on investments. This is in direct relationship to the current overall economy.
- Golf Course expenditures continue to exceed revenues causing the need for a transfer of \$148,921 from the general fund to assist in covering the cost of debt service for the year.
- Water connection fees decreased by \$487,300 or 42 percent due to a decrease in construction activity.

**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

Expenses and Program Revenues – Business-Type Activities

The following Table (MD-5) reflects the expenses and revenues from the City's business-type activities:

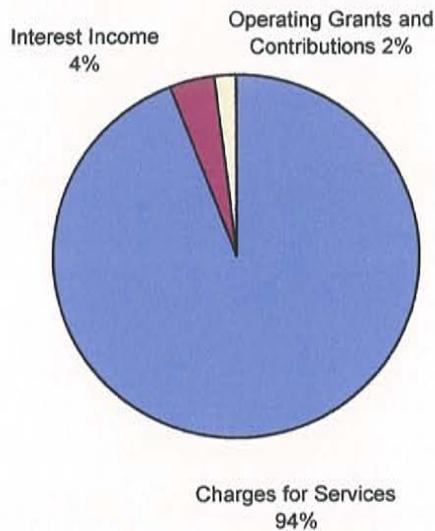
**Table MD-5
City of Blue Springs' Expenses and Program Revenues-Business-Type Activities**



Revenues by Source– Business-Type Activities

The following Table (MD-6) reflects the revenues by source from the City's business-type activities:

**Table MD-6
City of Blue Springs' Revenues by Source-Business-Type Activities**



City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008

Financial Analysis of the City's Funds

As noted earlier, the City of Blue Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,241,823 a decrease of \$750,687 in comparison with the prior year. Approximately \$8.7 million of this total amount is available for spending. The remainder is reserved or designated to indicate that it is not available for new spending because it has already been committed.

The general fund is the main operating fund of the City of Blue Springs. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$1,826,687, while total fund balance decreased to \$11,141,019. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 36 percent of total general fund expenditures, while total fund balance represents 47 percent of that same amount. Included in the unreserved fund balance is an amount designated by the City Council in an amount equal to 20 percent of general fund operating expenditures for contingencies.

The fund balance of the City's general fund decreased by \$729,290 during the current fiscal year. Key factors in this decrease are as follows:

- Purchase of park land in south Blue Springs for \$2.6 million
- Transfer \$1,000,000 to Capital Projects Fund for Woods Chapel road improvements
- Transfer \$250,000 to Capital Projects Fund for participation with the Blue Springs Economic Development Corporation in a new business park initiative
- Franchise tax settlements for wireless communications totaled \$1,194,734
- Franchise tax ongoing payments for wireless communications totaled \$686,411
- Sales tax revenues exceeded budget by \$212,626.
- Investment earnings exceeded budget by \$96,931.
- Property taxes exceed budget by \$185,342.
- Actual expenditures were \$4,885 less than the amount appropriated representing a reduction of less than 1 percent.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds.) These projects are reported separately from ongoing operating activities to enhance the understanding of the City's capital activities and to avoid distortions in financial resources trend information. At the end of the current fiscal year the fund balance of the capital projects fund is \$7,155,441, which is an increase of \$146,858 over last year. The undesignated fund balance increase of \$1,197,874 over 2007 is due to the CDBG, Family Aquatic Center and acquisition of Hwy 7 & Colbern right-of-way projects that were budgeted for the year, but are not yet completed.

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide statements but in more detail.

Unrestricted net assets of the water and sewer funds at the end of the year amounted to \$8,193,445 and \$6,020,711 respectively. The golf course fund has an unrestricted net assets deficit of \$1,924,188. This is an increase of \$51,354 over last year. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

General Fund Budgetary Highlights:

During the year there was a \$883,490 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$11,000 supplemental appropriation to the City Council budget for the repair of artwork.
- \$250,000 supplemental appropriation for participation with the Blue Springs Economic Development Corporation in a business park initiative.
- Transfer \$2,609,829 from the General Fund to the Capital Projects Fund for the purchase of park land.
- \$207,500 supplemental appropriation to Economic Development for developer reimbursed expenditures made in conjunction with the approval and implementation of four Tax Increment Financing Plans
- \$8,500 supplemental appropriation to the Art Commission for the purchase of the "Oh" and "Angelic Interlude" artwork.
- \$33,978 supplemental appropriation for redesign of the City's website.
- \$5,000 supplemental appropriation for the audit of the Blue Spring's Economic Development Corporation which is included in the City's financials as a component unit.
- \$52,926 supplemental appropriation for expenses related to the Meals on Wheels program
- \$25,050 supplemental appropriation to Public Safety for sergeant and lieutenant testing, installation of vandalism cameras at two City parks and renovation to the basement of the Public Safety building.

The variance between the listed supplemental appropriations and the overall increase is the carryover encumbrances. These increases were possible because of additional anticipated revenues and appropriations from specific designated fund balance accounts. Those revenues include an increase in sales tax collections, developer reimbursements, and wireless franchise taxes. Total expenditures were \$4,885 under budget for the year.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$153,946,296, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$2,969,336 or 2 percent (a .5 percent increase for business-type activities and a 4 percent decrease for governmental activities). The completion of the installation of sewer systems in the south of the City in the amount of \$15,656,642 resulted in a decrease in Construction in progress and an increase in business-type infrastructure.

**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

**Table MD-7
City of Blue Springs' Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land and land rights	\$ 10,210,021	\$ 7,568,902	\$ 3,582,368	\$ 3,582,368	\$ 13,792,389	\$ 11,151,270
Construction in progress	3,713,812	2,269,354	966,848	15,311,618	4,680,660	17,580,972
Buildings and improvements	6,750,270	7,579,350	6,533,163	6,836,747	13,283,433	14,416,097
Equipment and vehicles	2,112,312	2,209,855	1,175,999	572,724	3,288,311	2,782,579
Infrastructure	59,174,635	65,636,030	59,726,868	45,348,684	118,901,503	110,984,714
Total	\$ 81,961,050	\$ 85,263,491	\$ 71,985,246	\$ 71,652,141	\$ 153,946,296	\$ 156,915,632

Additional information on the City's capital assets can be found in Note 6 on pages 39-41 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Blue Springs had total outstanding debt obligations of \$37,053,068. Of this amount, \$5,970,000, comprises debt backed by the full faith and credit of the government and \$17,490,000 is Neighborhood Improvement District debt for which the government is liable in the event of default by the property owners subject to the assessment. Certificates of participation debt outstanding totals \$7,800,000 is subject to annual appropriation by the City and was used to finance the City's golf course and conference center. The development agreement outstanding debt listed below represents the outstanding bonds for the Fall Creek Tax Increment Financing District and the certified developer costs associated with the 'pay as you go', Hwy 7 & 40 Hwy TIF. The City collects TIF revenues on behalf of the district and transfers those revenues for repayment of the debt.

The City's total debt increased by \$1,309,026 (3.7 percent) during the current fiscal year. The key factor in this increase was the certification of costs totaling \$2,794,979 for the Hwy 7 & 40 Hwy TIF project. In addition to the scheduled retirements of principal, the City defeased \$400,000 of outstanding Series 2002A General Obligation Bonds.

**Table MD-8
City of Blue Springs' Outstanding Debt Obligations**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Capitalized leases	\$ -	\$ -	\$ 278,350	\$ 215,239	\$ 278,350	\$ 215,239
General Obligation Bonds	5,970,000	7,065,000	-	-	5,970,000	7,065,000
Compensated Absences	619,525	557,457	-	-	619,525	557,457
Development Agreement	5,332,892	2,727,500	-	-	5,332,892	2,727,500
Certificates of Participation	3,075,000	3,300,000	4,725,000	4,925,000	7,800,000	8,225,000
Neighborhood Improvement Notes			17,490,000	17,490,000	17,490,000	17,490,000
Deferred amount on refunding	(322,730)	(352,069)	(173,257)	(184,085)	(495,987)	(536,154)
Net OPEB obligation	53,036	-	5,252	-	58,288	-
Revenue Bonds	-	-	-	-	-	-
Total	\$ 14,727,723	\$ 13,297,888	\$ 22,325,345	\$ 22,446,154	\$ 37,053,068	\$ 35,744,042

**City of Blue Springs, Missouri
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2008**

Missouri statutes limit the amount of general obligation debt that a unit of government can issue to twenty percent of the total assessed value of taxable property located within the City's boundaries. The legal debt margin for the City is \$148,849,655.

Additional information regarding the City's long-term debt can be found in Note 7 on pages 41-46 of this report.

Economic Factors and Next Year's Budget and Rates

General Fund revenues for fiscal year 2009 are projected to total \$23,335,023. This represents an overall growth of 6.24 percent partly due to franchise tax, though other significant revenues remain flat due to the overall economy. Several factors contribute to small projected growth in revenues, including minimal sales tax and property tax growth and lower building permit revenue.

General Fund budgeted expenditures are projected to total \$24,427,868 compared to \$23.8 million in fiscal year 2008. This represents a 2.6 percent increase.

Personal Services expenditures are estimated using a 3.5 percent salary adjustment pool for an employee pay-for-performance system and a 2 percent range adjustment.

All of these factors were considered in preparing the City's budget for the 2009 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to \$1,826,687. The City has not appropriated this amount in the 2009 fiscal year.

Since the budget was adopted, the City has enacted a plan to prepare and respond to the significant changes in the economy.

During fiscal year 2007, the City Council authorized a rate study for water and sewer rates and adopted rate increases for each of the next three fiscal years. These rate increases provide funding for ongoing operating costs and capital improvements. These rate increases include plans to repay debt. During August 2008, the voters approved bond issuances in the amount of \$35 million for sewer improvements and a no tax increase issue of \$28 million for street projects.

Requests for Information

This report is designed to provide an overview of the City of Blue Springs's finances for all those with an interest in the government's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Blue Springs, 903 W. Main St., Blue Springs, Missouri 64015 or by visiting the City's website at www.bluespringsgov.com.



CITY OF BLUE SPRINGS, MISSOURI
Statement of Net Assets
September 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals 2008	
Assets				
Cash and investments	\$ 16,420,273	\$ 14,660,354	\$ 31,080,627	\$ 390,886
Receivables (net of allowances for uncollectibles)				
Taxes	1,965,368	-	1,965,368	-
Accounts	1,686,550	1,353,606	3,040,156	5,888
Accrued interest	210,588	146,027	356,615	-
Internal balances	2,000,055	(2,000,055)	-	-
Due from other governments	604,320	-	604,320	-
Inventories	138,201	381,631	519,832	-
Prepaid items	535,869	339,883	875,752	-
Unamortized bond issue costs	153,315	218,513	371,828	-
Capital Assets:				
Land and construction in progress, non-depreciable	13,923,834	4,549,216	18,473,050	-
Other capital assets, net of depreciation	68,037,217	67,436,030	135,473,247	16,757
Total assets	105,675,590	87,085,205	192,760,795	413,531
Liabilities				
Accounts payable	891,751	1,004,615	1,896,366	3,521
Accrued liabilities	459,899	534,519	994,418	15,513
Court bonds	57,458	-	57,458	-
Accrued interest	53,417	75,323	128,740	-
Customer deposits	728,265	408,880	1,137,145	-
Unearned revenue	94,257	73,790	168,047	-
Short-term note payable	-	-	-	25,010
Noncurrent liabilities:				
Due in one year	1,683,056	17,778,905	19,461,961	-
Due in more than one year	13,044,667	4,546,440	17,591,107	-
Total liabilities	17,012,770	24,422,472	41,435,242	44,044
Net Assets				
Invested in capital assets, net of related debt	73,392,096	49,883,666	123,275,762	-
Restricted for:				
Debt service	1,340,095	489,099	1,829,194	-
Special revenue	605,268	-	605,268	-
Capital projects	7,155,441	-	7,155,441	-
Programs and other	40,460	-	40,460	-
Unrestricted	6,129,460	12,289,968	18,419,428	369,487
Total Net Assets	\$ 88,662,820	\$ 62,662,733	\$ 151,325,553	\$ 369,487

See Accompanying Notes to the Basic Financial Statements.

CITY OF BLUE SPRINGS, MISSOURI
Statement of Activities
September 30, 2008

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		Total	
			Governmental Activities	Business-Type Activities		Governmental Activities	Business-Type Activities		
Governmental Activities:									
General government	\$ 9,417,156	\$ 3,192,776	\$ -	\$ -	\$ -	\$ (6,224,380)	\$ -	\$ (6,224,380)	\$ -
Public works	1,085,815	303,539	-	-	-	(782,276)	-	(782,276)	-
Highways and streets	12,583,751	5,200	-	1,492,528	-	(11,086,023)	-	(11,086,023)	-
Public safety	11,387,848	2,448,292	659,440	10,685	-	(8,269,431)	-	(8,269,431)	-
Parks and recreation	3,926,097	670,760	25,000	26,731	-	(3,203,606)	-	(3,203,606)	-
Interest and fiscal charges	768,656	-	-	-	-	(768,656)	-	(768,656)	-
Total Governmental Activities	39,169,323	6,620,567	684,440	1,529,944	1,529,944	(30,334,372)	-	(30,334,372)	-
Business-Type Activities:									
Water	7,028,585	6,454,183	-	96,254	-	(478,148)	-	(478,148)	-
Sewer	7,248,223	6,141,450	-	193,370	-	(913,403)	-	(913,403)	-
Golf Course	1,920,248	1,750,262	-	-	-	(169,986)	-	(169,986)	-
Total Business-Type Activities	16,197,056	14,345,895	-	289,624	-	(1,561,537)	-	(1,561,537)	-
Total Primary Government	\$ 55,366,379	\$ 20,966,462	\$ 684,440	\$ 1,819,568	\$ 1,819,568	(30,334,372)	(1,561,537)	(31,895,909)	-
Component Unit:									
Economic Development	574,640	112,399	768,826	-	-	-	-	-	306,585
Total Component Unit	\$ 574,640	\$ 112,399	\$ 768,826	\$ -	\$ -	\$ -	\$ -	\$ -	306,585
General Revenues:									
Taxes:									
Sales						10,119,903	-	10,119,903	-
Property						5,421,561	-	5,421,561	-
Franchise						5,413,715	-	5,413,715	-
Hotel						591,127	-	591,127	-
Other taxes						1,759,356	-	1,759,356	-
Interest						894,555	613,828	1,508,383	6,053
Miscellaneous						718,366	-	718,366	-
Transfers						(148,921)	148,921	-	-
Total general revenues and transfers						24,769,662	762,749	25,532,411	6,053
Changes in net assets						(5,564,710)	(798,788)	(6,363,498)	312,638
Net Assets-Beginning of year						94,227,530	63,461,521	157,689,051	56,849
Net Assets-End of year						\$ 88,662,820	\$ 62,662,733	\$ 151,325,553	\$ 369,487

See Accompanying Notes to the Basic Financial Statements

CITY OF BLUE SPRINGS, MISSOURI
Balance Sheet - Governmental Funds
September 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ 8,597,235	\$ 6,165,694	\$ 1,656,121	\$ 16,419,050
Receivables (net of allowances for uncollectibles)				
Taxes	1,438,146	412,148	115,074	1,965,368
Accounts	653,488	1,022,002	-	1,675,490
Accrued interest	176,154	10,544	23,890	210,588
Interfund receivables	1,673,144	326,911	-	2,000,055
Due from other governments	251,875	339,036	13,409	604,320
Prepaid items	374,531	-	158,936	533,467
Total assets	<u>\$ 13,164,573</u>	<u>\$ 8,276,335</u>	<u>\$ 1,967,430</u>	<u>\$ 23,408,338</u>
Liabilities				
Accounts payable	\$ 689,573	\$ 106,392	\$ 22,067	\$ 818,032
Accrued liabilities	454,001	-	-	454,001
Interfund payable	-	-	-	-
Court bonds	57,458	-	-	57,458
Customer deposits	728,265	-	-	728,265
Deferred revenue	94,257	1,014,502	-	1,108,759
Total liabilities	<u>2,023,554</u>	<u>1,120,894</u>	<u>22,067</u>	<u>3,166,515</u>
Fund Balances				
Reserved for:				
Encumbrances	417,828	323,024	-	740,852
Debt service	-	-	1,340,095	1,340,095
Prepaid items	374,531	-	158,936	533,467
Restricted programs	40,460	-	-	40,460
Interfund receivables	1,673,144	326,911	-	2,000,055
Unreserved:				
Designated for:				
City programs	274,007	-	-	274,007
Contingencies	4,747,614	-	-	4,747,614
Capital outlay	1,376,726	-	-	1,376,726
Insurance	410,022	-	-	410,022
Undesignated, reported in:				
General fund	1,826,687	-	-	1,826,687
Capital projects fund	-	6,505,506	87,502	6,593,008
Special revenue fund	-	-	358,830	358,830
Total fund balances	<u>11,141,019</u>	<u>7,155,441</u>	<u>1,945,363</u>	<u>20,241,823</u>
Total liabilities and fund balances	<u>\$ 13,164,573</u>	<u>\$ 8,276,335</u>	<u>\$ 1,967,430</u>	<u>\$ 23,408,338</u>

See Accompanying Notes to the Basic Financial Statements.

**CITY OF BLUE SPRINGS, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds to the
Statement of Net Assets
September 30, 2008**

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

Ending fund balances - total governmental funds	\$ 20,241,823
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Governmental funds report capital outlays as expenditures. However, in the Statement of Net Assets the cost of those assets is capitalized and shown at cost, net of accumulated depreciation. This is the amount of net capital assets reported in the Statement of Net Assets	81,960,976
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Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements	1,014,502
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Bond issuance costs, net	153,315
Accrued interest payable	(53,417)
Long-term debt	(14,727,209)

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 fund is reported with governmental activities in the statement of net assets	<u>72,830</u>
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Total net assets of governmental activities	<u><u>\$ 88,662,820</u></u>
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CITY OF BLUE SPRINGS, MISSOURI
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2008

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 16,534,408	\$ 3,088,786	\$ 2,131,862	\$ 21,755,056
Licenses and permits	746,020	-	-	746,020
Intergovernmental revenues	2,460,890	1,115,858	-	3,576,748
Charges for services	3,491,270	-	-	3,491,270
Administrative charges	1,379,522	-	-	1,379,522
Fines and forfeits	777,911	-	-	777,911
Interest	556,506	232,685	105,364	894,555
Donations	37,416	3,587	-	41,003
Other	713,366	90,000	-	803,366
Total revenues	<u>26,697,309</u>	<u>4,530,916</u>	<u>2,237,226</u>	<u>33,465,451</u>
Expenditures:				
Current:				
General government	6,078,700	-	163,511	6,242,211
Public works	938,675	-	-	938,675
Highways and streets	2,144,303	-	-	2,144,303
Public safety	10,919,674	-	-	10,919,674
Parks	3,621,081	-	-	3,621,081
Capital outlay	-	7,993,886	-	7,993,886
Debt service:				
Principal retirement	-	-	1,109,587	1,109,587
Interest and fiscal charges	-	-	704,544	704,544
Total expenditures	<u>23,702,433</u>	<u>7,993,886</u>	<u>1,977,642</u>	<u>33,673,961</u>
Excess of revenues over (under) expenditures	<u>2,994,876</u>	<u>(3,462,970)</u>	<u>259,584</u>	<u>(208,510)</u>
Other financing sources (uses):				
Payment to escrow agent	-	-	(421,330)	(421,330)
Transfers in	34,583	3,609,828	348,869	3,993,280
Transfers out	(3,758,749)	-	(355,378)	(4,114,127)
Total other financing sources (uses)	<u>(3,724,166)</u>	<u>3,609,828</u>	<u>(427,839)</u>	<u>(542,177)</u>
Net change in fund balances	(729,290)	146,858	(168,255)	(750,687)
Fund balances - beginning of year	<u>11,870,309</u>	<u>7,008,583</u>	<u>2,113,618</u>	<u>20,992,510</u>
Fund balances - end of year	<u>\$ 11,141,019</u>	<u>\$ 7,155,441</u>	<u>\$ 1,945,363</u>	<u>\$ 20,241,823</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BLUE SPRINGS, MISSOURI
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2008

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

Net changes in fund balances - total governmental funds	\$	(750,687)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlay		4,906,425
Depreciation expense		(8,581,165)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Amount of donated capital assets		373,083
Deferred revenue		(85,000)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items

Principal payments		1,509,587
Certified developer obligations		(2,794,979)
Amortization of issuance costs and deferred amounts		(46,761)
Change in accrued interest payable		3,979

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 governmental funds

Compensated absences		(62,068)
Change in other post employment benefit obligations		(52,522)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the Internal Service fund is reported with governmental activities

15,398

Total changes in net assets of governmental activities	\$	<u>(5,564,710)</u>
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CITY OF BLUE SPRINGS, MISSOURI
 Statement of Net Assets -
 Proprietary Funds
 September 30, 2008

	Business - Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Golf Fund		
Assets					
Current assets:					
Cash and investments	\$ 8,334,534	\$ 5,694,882	\$ 630,938	\$ 14,660,354	\$ 1,223
Receivables (net of allowances for uncollectibles)					
Accounts	668,782	667,861	16,963	1,353,606	11,060
Accrued interest	92,634	53,393	-	146,027	-
Inventory	271,567	34,436	75,628	381,631	138,201
Prepaid items	160,878	161,826	17,179	339,883	2,402
Total current assets	<u>9,528,395</u>	<u>6,612,398</u>	<u>740,708</u>	<u>16,881,501</u>	<u>152,886</u>
Noncurrent assets:					
Unamortized bond issue costs	-	40,872	177,641	218,513	-
Capital Assets:					
Land and construction in progress, non-depreciable	728,449	1,570,324	2,250,443	4,549,216	-
Other capital assets, net of depreciation	21,564,597	38,762,029	7,109,404	67,436,030	75
Total noncurrent assets	<u>22,293,046</u>	<u>40,373,225</u>	<u>9,537,488</u>	<u>72,203,759</u>	<u>75</u>
Total assets	<u>31,821,441</u>	<u>46,985,623</u>	<u>10,278,196</u>	<u>89,085,260</u>	<u>152,961</u>
Liabilities					
Current liabilities:					
Accounts payable	462,746	495,052	46,817	1,004,615	73,719
Accrued liabilities	477,351	35,303	21,865	534,519	5,898
Accrued interest	-	59,410	15,913	75,323	-
Customer deposits	391,523	-	17,357	408,880	-
Unearned revenue	-	-	73,790	73,790	-
Long-term debt due in one year	-	17,490,000	288,905	17,778,905	-
Total current liabilities	<u>1,331,620</u>	<u>18,079,765</u>	<u>464,647</u>	<u>19,876,032</u>	<u>79,617</u>
Noncurrent liabilities:					
Interfund payable	-	-	2,000,055	2,000,055	-
Long-term debt	3,330	1,922	4,541,188	4,546,440	514
Total noncurrent liabilities	<u>3,330</u>	<u>1,922</u>	<u>6,541,243</u>	<u>6,546,495</u>	<u>514</u>
Total liabilities	<u>1,334,950</u>	<u>18,081,687</u>	<u>7,005,890</u>	<u>26,422,527</u>	<u>80,131</u>
Net Assets					
Invested in capital assets, net of related debt	22,293,046	22,883,225	4,707,395	49,883,666	75
Restricted for:					
Debt service	-	-	489,099	489,099	-
Unrestricted (deficit)	8,193,445	6,020,711	(1,924,188)	12,289,968	72,755
	<u>\$ 30,486,491</u>	<u>\$ 28,903,936</u>	<u>\$ 3,272,306</u>	<u>\$ 62,662,733</u>	<u>\$ 72,830</u>

CITY OF BLUE SPRINGS, MISSOURI
Statement of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Funds
For the Year Ended September 30, 2008

	<u>Business - Type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Golf</u>		<u>Activities -</u>
	<u>Utility</u>	<u>Utility</u>	<u>Course</u>		<u>Internal</u>
					<u>Service Fund</u>
Operating revenues:					
Charges for services	\$ 6,430,902	\$ 6,124,280	\$ 1,660,940	\$14,216,122	\$ 1,078,133
Other	23,281	17,170	89,322	129,773	-
Total operating revenues	<u>6,454,183</u>	<u>6,141,450</u>	<u>1,750,262</u>	<u>14,345,895</u>	<u>1,078,133</u>
Operating expenses:					
Personal services	787,954	764,930	577,766	2,130,650	118,778
Administrative and support services	691,730	687,792	-	1,379,522	-
Materials and supplies	678,418	959,682	397,395	2,035,495	723,235
Purchased water and sewer services	3,274,370	1,372,832	-	4,647,202	-
Contractual services	657,506	1,340,400	372,549	2,370,455	191,865
Utilities	48,615	262,051	-	310,666	-
Depreciation	882,551	1,044,065	352,865	2,279,481	783
Total operating expenses	<u>7,021,144</u>	<u>6,431,752</u>	<u>1,700,575</u>	<u>15,153,471</u>	<u>1,034,661</u>
Operating income (loss)	<u>(566,961)</u>	<u>(290,302)</u>	<u>49,687</u>	<u>(807,576)</u>	<u>43,472</u>
Nonoperating revenues (expenses):					
Loss on disposal of capital assets	(7,441)	-	-	(7,441)	-
Interest income	347,737	246,234	19,857	613,828	-
Interest expense and fiscal charges	-	(816,471)	(219,673)	(1,036,144)	-
Total nonoperating revenues (expenses)	<u>340,296</u>	<u>(570,237)</u>	<u>(199,816)</u>	<u>(429,757)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(226,665)</u>	<u>(860,539)</u>	<u>(150,129)</u>	<u>(1,237,333)</u>	<u>43,472</u>
Capital contributions	96,254	193,370	-	289,624	-
Transfers in	174,164	-	148,921	323,085	-
Transfers out	-	(174,164)	-	(174,164)	(28,074)
Change in net assets	<u>43,753</u>	<u>(841,333)</u>	<u>(1,208)</u>	<u>(798,788)</u>	<u>15,398</u>
Total net assets-beginning of year	<u>30,442,738</u>	<u>29,745,269</u>	<u>3,273,514</u>	<u>63,461,521</u>	<u>57,432</u>
Total net assets-end of year	<u><u>\$ 30,486,491</u></u>	<u><u>\$ 28,903,936</u></u>	<u><u>\$ 3,272,306</u></u>	<u><u>\$62,662,733</u></u>	<u><u>\$ 72,830</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BLUE SPRINGS, MISSOURI
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2008

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities Internal Service Fund
	Water Utility	Sewer Utility	Golf Course		
Cash flows from operating activities:					
Receipts from customers and users	\$ 6,823,748	\$ 6,182,418	\$ 1,742,308	\$ 14,748,474	\$ 1,077,009
Payments to suppliers and service providers	(5,570,808)	(6,119,180)	(765,347)	(12,455,335)	(906,900)
Payments to employees	(703,408)	(756,260)	(575,658)	(2,035,326)	(118,813)
Net cash provided by (used in) operating activities	<u>549,532</u>	<u>(693,022)</u>	<u>401,303</u>	<u>257,813</u>	<u>51,296</u>
Cash flows from noncapital financing activities:					
Intergovernmental grants	-	-	-	-	-
Interfund advances/transfers	176,248	(172,353)	148,921	152,816	(50,073)
Net cash provided by (used in) noncapital financing activities	<u>176,248</u>	<u>(172,353)</u>	<u>148,921</u>	<u>152,816</u>	<u>(50,073)</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(522,619)	(1,503,840)	(145,675)	(2,172,134)	-
Proceeds from issuance of debt	-	-	-	-	-
Principal payments on debt	-	-	(295,160)	(295,160)	-
Interest payments on debt	-	(718,368)	(198,238)	(916,606)	-
Net cash (used in) capital and related financing activities	<u>(522,619)</u>	<u>(2,222,208)</u>	<u>(639,073)</u>	<u>(3,383,900)</u>	<u>-</u>
Cash flows from investment activities:					
Purchases of investments	(3,845,139)	(1,790,928)	-	(5,636,067)	-
Sale of investments	3,670,000	500,000	-	4,170,000	-
Interest on investments	338,669	223,663	19,857	582,189	-
Net cash provided by (used in) investing activities	<u>163,530</u>	<u>(1,067,265)</u>	<u>19,857</u>	<u>(883,878)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	366,691	(4,154,848)	(68,992)	(3,857,149)	1,223
Cash and cash equivalents at beginning of year	650,753	5,571,927	699,930	6,922,610	-
Cash and cash equivalents at end of year	<u>\$ 1,017,444</u>	<u>\$ 1,417,079</u>	<u>\$ 630,938</u>	<u>\$ 3,065,461</u>	<u>1,223</u>
Reconciliation of amounts reported on the statements of net assets:					
Cash and cash equivalents	\$ 1,017,444	\$ 1,417,079	\$ 630,938	\$ 3,065,461	1,223
Investments	7,317,090	4,277,803	-	11,594,893	-
Total cash and investments	<u>\$ 8,334,534</u>	<u>\$ 5,694,882</u>	<u>\$ 630,938</u>	<u>\$ 14,660,354</u>	<u>\$ 1,223</u>
Reconciliation of Cash flows from operating activities:					
Operating income (loss)	\$ (566,961)	\$ (290,302)	\$ 49,687	\$ (807,576)	\$ 43,472
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	882,551	1,044,065	352,865	2,279,481	783
Change in other post employment benefits	3,330	1,922	-	5,252	514
Changes in assets and liabilities:					
Accounts receivable	251,469	40,968	(458)	291,979	(1,124)
Inventories	(58,378)	(5,500)	(2,292)	(66,170)	(5,976)
Prepaid items	(20,427)	(22,721)	(2,171)	(45,319)	(323)
Payables and accrued expenses	(60,148)	(1,461,454)	11,168	(1,510,434)	13,950
Customer deposits	118,096	-	(6,066)	112,030	-
Deferred revenue	-	-	(1,430)	(1,430)	-
Net cash provided by (used in) operating activities	<u>\$ 549,532</u>	<u>\$ (693,022)</u>	<u>\$ 401,303</u>	<u>\$ 257,813</u>	<u>\$ 51,296</u>
Supplemental Information:					
Noncash capital and related financing activities:					
Contributed capital assets	<u>\$ 96,254</u>	<u>\$ 193,370</u>	<u>\$ -</u>	<u>\$ 289,624</u>	<u>\$ -</u>
Equipment additions under capital lease obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,269</u>	<u>\$ 158,269</u>	<u>\$ -</u>

CITY OF BLUE SPRINGS, MISSOURI
Statement of Net Assets -
Fiduciary Funds

September 30, 2008

Assets	<u>Agency Funds</u>
Cash and investments	\$ 135,563
Total assets	<u><u>\$ 135,563</u></u>
Liabilities	
Due to other governments	\$ 97,315
Employee flexible benefit deposits	3,410
Membership Deposits	34,838
Total liabilities	<u><u>\$ 135,563</u></u>

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies

The City of Blue Springs, Missouri (the City) was incorporated in 1904 and covers an area of approximately 22.0 square miles in Jackson County, Missouri. The City is a home rule chartered city and operates under the mayor/council/administrator form of government. The City Administrator is the chief administrative officer of the City. The City provides services to approximately 56,000 residents in many areas, including law enforcement, water and sewer services, community enrichment and development, and various social services. Elementary, secondary, and junior college education services are provided by various school districts, fire protection services are provided by a separate fire protection district, 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 applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

A. Financial Reporting Entity

Blue Springs, Missouri is a home rule chartered city in which citizens elect the Mayor and six council members from three districts. In evaluating the City's financial reporting entity, management has considered all potential component units. The accompanying basic financial statements present the City and the component units over which the City is financially accountable. Financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

The following component unit is blended in the City's basic financial statements:

- The Tax Increment Financing (TIF) Commission is governed by a twelve-member board of which six members are appointed by the City Council. The remaining six members are appointed by the respective taxing districts' boards. Although it is legally separate from the City, the TIF is reported as if it were part of the primary government because its sole function is to use TIF as a method to finance infrastructure improvements through payments in lieu of taxes and economic activity taxes. The TIF Commission does not issue separate financial statements.

The following component unit is discretely presented in the City's basic financial statements:

- The Blue Springs Economic Development Corporation (EDC) is a not-for-profit business development organization funded by both public and private sector monies. Although it is legally separate from the City, the EDC is reported as a component unit because the City is financially accountable for the EDC as it provides a major source of revenues. The EDC is governed by a twelve-member board of which five members are appointed by the City Council. The EDC does not issue separate financial statements.

The Blue Springs Growth Initiatives, Inc. (BSGI) is a not-for-profit business development organization funded by both public and private sector monies. The board of the BSGI is comprised entirely of board members of the EDC. Although it is legally separate from the EDC and the City, the BSGI has been combined with the EDC in the accompanying financial statements as it is financially interrelated to the EDC.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

B. Basis of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole, with the exclusion of fiduciary funds. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Internal activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, each of the governmental fund financial statements includes a reconciliation with brief explanations to better identify the relationship between the governmental fund statements and the government-wide statements.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and 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 are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds.

The following are the City's major governmental funds:

General Fund is the principal operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

Capital Projects Fund accounts for resources used for the acquisition and/or construction of capital facilities, except those accounted for in proprietary funds.

PROPRIETARY FUNDS

Proprietary funds are used to account for the City's ongoing activities that are similar to those often found in the private sector.

The following are the City's major proprietary funds:

Water Utility Fund accounts for the provision of water services to residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sewer Utility Fund accounts for the provision of sewer services to residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Golf Course Fund accounts for all golf activity services related to the City golf course plus professional shop sales. All activities to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

In addition, the City reports an Internal Service Fund which accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis. The City's internal service fund is the Central Garage Fund.

FIDUCIARY FUNDS

The City maintains three fiduciary funds, the Jackson County Tax Agency Fund, which accounts for property taxes collected and remitted to Jackson County, Missouri; Employee Flex Benefit Agency Fund, which accounts for funds contributed by City employees to a tax-exempt flexible benefits plan; Eastern Jackson County Betterment Council Agency Fund, which accounts for membership deposits of the Council. Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Since by definition these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the City, these funds are not incorporated into the government-wide statements.

C. *Measurement Focus/Basis of Accounting*

All governmental funds utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet of the fund financial statements. Under the modified accrual basis of accounting, revenues are recorded as collected unless susceptible to accrual, i.e., amounts measurable and available to finance the City's operations or of a material amount and not received at the normal time of receipt. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current period.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

Significant revenues that are considered susceptible to accrual include property taxes, sales taxes, interest, and certain state and federal grants and entitlements. Expenditures, other than interest on long-term debt, are recorded when the fund liability is incurred.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purposes or on the specific project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e.; revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the available and measurable criteria.

The City records property tax receivables and revenue at the time the lien attaches to the property. Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net assets. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating. In reporting the financial activity of its proprietary funds, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Those include the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the Committee on Accounting Procedures. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected to apply those pronouncements, unless these pronouncements conflict with or contradict GASB pronouncements.

D. Cash, Cash Equivalents and Investments

The City maintains and controls a cash pool in which a majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet/statement of net assets as "cash and investments". The City's cash and cash equivalents are primarily considered to be cash on hand, amounts in demand deposits and certificates of deposits. 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, if any, are considered cash equivalents.

Investments are recorded on the financial statements at amortized cost, which approximates fair value.

E. Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market (net realizable value). Inventory quantities are determined by physical count at each year-end. Inventory in the Water Utility Fund consists primarily of water meters and water line maintenance materials. Inventory in the Sewer Utility Fund consists primarily of sewer line maintenance materials. Inventory in the Central Garage Fund consists of vehicle maintenance materials. Inventory in the Golf Course Fund consists of pro-shop merchandise and food supplies. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

F. Capital Assets

Capital assets acquired for general governmental purposes are recorded as expenditures in the governmental fund financial statements and are capitalized at cost or estimated historical cost in the governmental activities column in the government-wide financial statements. Capital assets owned by the proprietary funds are stated at cost or estimated historical cost in the proprietary fund financial statements and in the business-type activities column in the government-wide financial statements. All contributed capital assets received from federal, state or local sources are recorded at fair value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Additions, improvements and costs that significantly extend the useful life of an asset are capitalized. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and any resulting gain or loss is reflected in the basic financial statements. Fully depreciated assets are included in the capital asset accounts until their disposal.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Infrastructure – water and sewer lines, storm sewers, reservoirs, wells, roads and bridges	20-60 years
Buildings and improvements	20-60 years
Equipment and vehicles	5-15 years
Computer equipment and software	3 years

G. Unamortized Bond Issue Costs

Bond issue costs arising from the issuance of debt are capitalized and are amortized over the period the related debt is outstanding using the straight-line method.

H. Compensated Absences

Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the maximum accruable over two years. Employees are not paid for accumulated sick leave upon termination.

Vested or accumulated vacation leave is accounted for as follows:

Governmental Funds - The accumulated liabilities for employee vacation leave is recorded in the governmental activities column of the government-wide financial statements.

Proprietary Funds - The costs of vacation leave are accrued in the respective funds as earned by City employees and recorded in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements.

I. Net Asset Classifications

In the government-wide statements, equity is shown as net assets and classified into three components:

- (1) Invested in capital assets, net of related debt – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

- (2) Restricted net assets – consisting of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

J. Budgetary Data

The City Council follows these procedures in establishing the budget:

- (1) Prior to September 1, the City Administrator submits to the City council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (4) The legal level of control is at the fund level. City management cannot amend the budget without receiving the approval of the City Council. The City Administrator is authorized to approve overspending of budgeted line items within any fund as long as the total expenditures within the fund do not exceed the total approved budgeted expenditures for that fund. However, overspending of total expenditures of any fund requires approval by the City Council.

Expenditures in Excess of Budgeted Appropriations

In violation of the budget ordinance, actual expenditures exceeded budgeted appropriations in the Hotel/Motel Tax Fund by \$12,300 and in the Mall at Fall Creek TIF Fund by \$67,869.

K. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

(2) Deposits and Investments

At September 30, 2008, the carrying values of deposits and investments are summarized as follows:

Investments:	
Short-term investments held in trust	\$ 2,125,906
U.S. government securities	24,905,308
Total investments	27,031,214
Deposits and repurchase obligations	4,570,312
Petty cash	5,550
Total	\$ 31,607,076

Deposits and investments of the City are reflected in the government-wide financial statements and the Fiduciary funds statement of net assets as follows:

	Government-wide statement of net assets	Fiduciary funds statement of net assets	Component Unit	Grand Total
Cash and investments	\$ 31,080,627	\$ 135,563	\$ 390,886	\$ 31,607,076

Investment Policy

Missouri State Statutes authorize the City to deposit funds in open accounts 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.

The City maintains a cash and investment pool, which is available for use by most funds. Each fund type's portion of this pool is displayed as "Cash and investments". Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Funds with overdrawn balances are charged for interest. All investments are carried at amortized cost, which approximates fair value. 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.

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:

Investment Type	Fair Value	Rating as of September 30, 2008
Federal Home Loan Mortgage Corporation	\$ 8,436,047	AAA
Federal National Mortgage Association	6,807,836	AAA
Federal Home Loan Banks	9,661,425	AAA
	\$ 24,905,308	

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

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 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 September 30, 2008, 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. Accordingly, management has determined that none of the City's deposits or investments was exposed to custodial credit risk as of September 30, 2008.

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 September 30, 2008, all of the City's securities had maturities of less than two years.

Concentration of Credit Risk

As of September 30, 2008, 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Percentage</u>
Fed. Home Loan Mtg.	U.S. agency securities	\$ 8,436,047	34%
Fed. Natl. Mtg.	U.S. agency securities	6,807,837	27%
Fed. Home Loan Banks	U.S. agency securities	9,661,425	39%

(3) Tax Revenues and Taxes Receivable

The City's property tax is levied each September 1 on the assessed value as of the prior January 1 for all real and personal property located in the City. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all property for which taxes are unpaid. Taxes remaining unpaid for two years after that date are submitted to Jackson County for collection through foreclosure proceedings. Property taxes levied on September 1, 2008, are for the budget year ended September 30, 2009, and therefore, have not been reflected in the accompanying basic financial statements.

Assessed values are established by the Jackson County Assessor subject to review by the County's Board of Equalization. The assessed value for property, including railroad and utility properties located in the City as of January 1, 2007, on which the fiscal year ended September 30, 2008, levy was based, was \$744,248,275. During the year ended September 30, 2008, the City collected approximately 99% of property taxes which were levied in the period.

The City is permitted by Missouri State Statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services (General Fund), other than the payment of principal and interest on long-term debt, 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 September 30, 2008 were as follows:

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

	Levy (Dollars)
General Fund	\$ 0.5471
Debt Service Fund	<u>0.1500</u>
Total	<u>\$ 0.6971</u>

The City has established TIF Districts that allows the City to provide public improvements by encouraging developers to construct and make new investments within blighted, conservation, or economic areas. Through the use of TIF Districts, the City can utilize the taxes generated by the incremental increase in property values and economic activities from the date the TIF District was established and the combined levies of all taxing jurisdictions for infrastructure improvements. Tax revenue collected in the current year for the Districts is recorded in the TIF Capital Projects Fund.

(4) Tax Collection Services

Jackson County, Missouri prepares and mails the City's property tax bills. The County and City collect property and other taxes on behalf of each other. The County and City receive a fee equal to 1.00% of the gross amount of current taxes collected. The City also has the County bill the motor vehicle licenses fee on the City's behalf. The County receives a fee of 1.00% of the gross amount collected.

The County collected approximately \$4,345,900 of the City's taxes and City sticker fees, resulting in a collection charge of \$43,459 paid by the City to the County for the year ended September 30, 2008.

The City accounts for its collection of County taxes in the Jackson County Tax Fund (an Agency Fund). The City collected and remitted approximately \$18,097,753 of County taxes resulting in collection fees of \$181,052 for the year ended September 30, 2008.

(5) Interfund Activity

Interfund transfers for the year were as follows:

<u>Transfers to</u>	<u>Transfers From</u>				<u>Total</u>
	<u>General</u>	<u>Sewer Fund</u>	<u>Internal Service</u>	<u>Other Governmental</u>	
General Fund	\$ -	\$ -	\$ 28,074	\$ 6,509	\$ 34,583
Water Fund	-	174,164	-	-	174,164
Golf Course Fund	148,921	-	-	-	148,921
Capital Projects Fund	3,609,828	-	-	-	3,609,828
Other Governmental	-	-	-	348,869	348,869
Total	<u>\$ 3,758,749</u>	<u>\$ 174,164</u>	<u>\$ 28,074</u>	<u>\$ 355,378</u>	<u>\$ 4,316,365</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

Charges for Services

The General Fund provides administrative and other support services for Water and Sewer enterprise funds. Accordingly, amounts charged to these funds for such services were \$691,730 and \$687,792, respectively.

Interfund receivable and payable balances at year-end were as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>
	<u>Golf Course</u>
General Fund	\$ 1,673,144
Capital Projects Fund	326,911
Total	<u>\$ 2,000,055</u>

The interfund payable of the Golf Course Fund represent advances to the Golf Course Fund for operating expenses and debt service payments and are not expected to be repaid within the next fiscal year. The City has recorded a reserve in the General Fund and Capital Projects Fund in the amounts of \$1,673,144 and \$326,911, respectively, to reflect that the amounts due from the Golf Course Fund may not be available to meet current obligations.

(6) Capital Assets

A summary of changes in capital assets for the year follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 7,568,902	\$ 2,641,119	\$ -	\$ 10,210,021
Construction in progress	2,269,354	1,677,690	233,232	3,713,812
Total capital assets, not being depreciated	<u>9,838,256</u>	<u>4,318,809</u>	<u>233,232</u>	<u>13,923,833</u>
Capital assets, being depreciated				
Buildings & building improvements	20,676,399	-	-	20,676,399
Equipment and vehicles	8,150,922	798,235	260,424	8,688,733
Infrastructure	147,569,205	395,696	-	147,964,901
Total capital assets being depreciated	<u>176,396,526</u>	<u>1,193,931</u>	<u>260,424</u>	<u>177,330,033</u>
Less accumulated depreciation for:				
Buildings & building improvements	13,097,049	829,080	-	13,926,129
Equipment and vehicles	5,941,067	895,778	260,424	6,576,421
Infrastructure	81,933,175	6,857,091	-	88,790,266
Total accumulated depreciation	<u>100,971,291</u>	<u>\$ 8,581,949</u>	<u>\$ 260,424</u>	<u>109,292,816</u>
Total capital assets being depreciated, net	<u>75,425,235</u>			<u>68,037,217</u>
Governmental activities capital assets, net	<u>\$ 85,263,491</u>			<u>\$ 81,961,050</u>

CITY OF BLUE SPRINGS, MISSOURI
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 3,582,368	\$ -	\$ -	\$ 3,582,368
Construction in progress	15,311,618	1,311,872	15,656,642	966,848
Total capital assets, not being depreciated	<u>18,893,986</u>	<u>1,311,872</u>	<u>15,656,642</u>	<u>4,549,216</u>
Capital assets, being depreciated				
Buildings & building improvements	10,701,507	5,750	-	10,707,257
Equipment and vehicles	3,589,616	930,031	445,941	4,073,706
Infrastructure	66,526,900	16,029,016	-	82,555,916
Total capital assets being depreciated	<u>80,818,023</u>	<u>16,964,797</u>	<u>445,941</u>	<u>97,336,879</u>
Less accumulated depreciation for:				
Buildings & building improvements	3,965,273	208,821	-	4,174,094
Equipment and vehicles	2,890,847	445,360	438,500	2,897,707
Infrastructure	21,203,748	1,625,300	-	22,829,048
Total accumulated depreciation	<u>28,059,868</u>	<u>\$ 2,279,481</u>	<u>\$ 438,500</u>	<u>29,900,849</u>
Total capital assets being depreciated, net	<u>52,758,155</u>			<u>67,436,030</u>
Business-type activities capital assets, net	<u>\$ 71,652,141</u>			<u>\$ 71,985,246</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit:				
Capital assets, being depreciated				
Equipment	\$ -	\$ 18,257	\$ -	\$ 18,257
Total capital assets being depreciated	<u>-</u>	<u>18,257</u>	<u>-</u>	<u>18,257</u>
Less accumulated depreciation for:				
Equipment	-	1,500	-	1,500
Total accumulated depreciation	<u>-</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>1,500</u>
Total capital assets being depreciated, net	<u>\$ -</u>			<u>\$ 16,757</u>

CITY OF BLUE SPRINGS, MISSOURI
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 621,303
Public Works	294,911
Highways & Streets	6,837,374
Public Safety	512,697
Parks	315,664
Total depreciation expense for governmental activities	\$ 8,581,949
Business-type activities:	
Water Utility	\$ 882,551
Sewer Utility	1,044,065
Golf Course	352,865
Total depreciation expense for business-type activities	\$ 2,279,481
Component unit:	
Economic Development	\$ 1,500

(7) Long-term Debt and other Obligations

The following is a summary of long-term debt transactions of the City for the year:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
*Compensated absences	\$ 557,457	\$ 599,463	\$ 537,395	\$ 619,525	\$ 537,395
General obligation bonds	7,065,000	-	1,095,000	5,970,000	755,000
Certificates of Participation	3,300,000	-	225,000	3,075,000	240,000
Deferred amount on refunding	(352,069)	-	(29,339)	(322,730)	(29,339)
Development agreements	2,727,500	2,794,979	189,587	5,332,892	180,000
Net OPEB obligation	-	53,036	-	53,036	-
	13,297,888	3,447,478	2,017,643	14,727,723	1,683,056
Business-type Activities:					
Certificates of Participation	4,925,000	-	200,000	4,725,000	210,000
Neighborhood Improvement Notes	17,490,000	-	-	17,490,000	17,490,000
Capital lease obligations	215,239	158,269	95,158	278,350	89,733
Deferred amount on refunding	(184,085)	-	(10,828)	(173,257)	(10,828)
Net OPEB obligation	-	5,252	-	5,252	-
	22,446,154	163,521	284,330	22,325,345	17,778,905
Total primary government	\$ 35,744,042	\$ 3,610,999	\$ 2,301,973	\$ 37,053,068	\$ 19,461,961

* Primarily liquidated by the General fund in prior years.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
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Governmental activities long-term debt is comprised of the following:

General obligation bonds:

\$4,940,000 - 2002A General Obligation Bonds due in installments of \$10,000 to \$870,000 through March 1, 2015; interest at 3.6% to 5.0%	\$ 4,530,000
\$4,470,000 - 2002B General Obligation Refunding Bonds due in installments of \$400,000 to \$900,000 through March 1, 2009; interest at 3.1% to 3.8%	425,000
\$1,110,000 - 2004A General Obligation Bonds due in installments of \$20,000 to \$110,000 through March 1, 2019; interest at 2.4% to 4.4%	1,015,000
Total general obligation bonds	5,970,000

Certificates of Participation

\$4,225,000 - 2005 - Refunding Certificates of Participation in installments of \$210,000 to 415,000 through September 1, 2019; interest at 3.0% to 4.5%.	3,075,000
Less: Deferred amount on refunding	(322,730)
	2,752,270

Development agreements

5,332,892

Compensated absences

619,525

Net other post employment obligations

53,036

Total governmental activities long-term debt	14,727,723
Less: amounts due within one year	(1,683,056)
Total governmental activities long-term debt due in more than one year	\$ 13,044,667

Bond Defeasance

During 2008, the City advanced refunded \$400,000 of outstanding Series 2002A General Obligation Bonds. A cash payment of \$421,330 was deposited in trust with an escrow agent to provide for the future debt service payments on this portion of the Series 2002A Bonds. As a result, this portion of the Bonds is considered defeased and the related liability has been removed from the long-term debt. The City completed this defeasance as excess funds were available in the debt service fund.

Development Agreements

Pursuant to a Tax Increment Financing Plan, as amended, and a development agreement, the City, through the TIF Commission, is to make certain tax increment revenues available to reimburse certain developer project costs. In connection with the development project, the Fall Creek Community Improvement District "the District" was established. In 2001, the District issued \$3,675,000, series 2001, *Fall Creek Community Improvement District, Blue Springs, Missouri Taxable Revenue Bonds*, the proceeds of which were used to reimburse the developer for certain costs. Prior to the issuance of the bonds, the City and the District entered into a cooperative agreement for which the District pledged its rights under the agreement to the Bond Trustee. Under the cooperative agreement, the City is to make the above tax increment revenues available for the bond debt service payments.

The City's sole obligation under the agreements is to make available certain tax increment financing, subject to annual appropriations. Should tax increment revenues be insufficient to pay the scheduled debt service requirements, the District may impose special assessments against District landowners to make the required debt service payments. The City's long-term obligation is equal to the amount of outstanding District bonds, less certain amounts held by the Bond Trustee in reserve.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
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As of September 30, 2008, the City had transferred \$158,936 to the Bond Trustee in excess of required bond debt service payments. Accordingly, this amount has been reflected as a prepaid item in the basic financial statements.

Additionally, the City has entered in to certain developer agreements (four as of September 30, 2008) whereby developer project costs that have been certified by the City as eligible are reimbursed 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 City. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City.

At September 30, 2008, total obligations under these agreements were \$5.3 million. The obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest payments related to developer obligations totaled \$468,137. Incremental revenues from the City were \$142,430 in sales taxes and property taxes. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues and other sources from other taxing districts and governmental entities, developer contributions, cash reserves, and debt trust funds.

Business-Type activities long-term debt is comprised of the following:

Certificates of Participation

Golf Course Fund -	
\$5,575,000 - 2005 Refunding Certificates of Participation in	
installments of \$185,000 to \$380,000 through September 1, 2025;	
interest at 3.0% to 4.5%	\$ 4,725,000
Less: Deferred amount on refunding	<u>(173,257)</u>
	<u>4,551,743</u>

Neighborhood Improvement Notes

Sewer Fund -	
\$10,660,000 - 2006 Neighborhood Improvement District	
Limited General Obligation Temporary Notes	
maturing March 1, 2009; interest at 4.125%	10,660,000
\$6,830,000 - 2007 Neighborhood Improvement District	
Limited General Obligation Temporary Notes	
maturing March 1, 2009; interest at 4.0%	<u>6,830,000</u>
	17,490,000

Capital lease obligations

278,350

Net other post employment benefit obligations

5,252

Total business-type activities long-term debt	22,325,345
Less: amounts due within one year	<u>(17,778,905)</u>
Total business-type activities long-term	
due in more than one year	<u>\$ 4,546,440</u>

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

The annual debt service requirements to amortize all debt outstanding (exclusive of compensated absences, capital leases, the deferred amount on refunding, development agreements, and OPEB obligations) as of September 30, 2008 are as follows:

Year Ending September 30,	Governmental Activities				Total	
	General Obligation Bonds		Certificates of Participation		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	755,000	259,740	240,000	117,119	995,000	376,859
2010	765,000	229,745	240,000	109,919	1,005,000	339,664
2011	810,000	197,789	245,000	102,419	1,055,000	300,208
2012	850,000	164,317	255,000	91,394	1,105,000	255,711
2013	885,000	128,364	270,000	79,919	1,155,000	208,283
2014-2018	1,795,000	162,688	1,495,000	244,394	3,290,000	407,082
2019	110,000	2,393	330,000	13,200	440,000	15,593
	<u>\$ 5,970,000</u>	<u>\$ 1,145,036</u>	<u>\$ 3,075,000</u>	<u>\$ 758,364</u>	<u>\$ 9,045,000</u>	<u>\$ 1,903,400</u>

Year Ending September 30,	Business-type Activities				Total		Total	
	Certificates of Participation		Neighborhood Impr. Notes		Business-type Activities		Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	210,000	190,956	17,490,000	356,463	17,700,000	547,419	18,695,000	924,278
2010	210,000	184,656	-	-	210,000	184,656	1,215,000	524,320
2011	205,000	178,094	-	-	205,000	178,094	1,260,000	478,302
2012	220,000	168,869	-	-	220,000	168,869	1,325,000	424,580
2013	230,000	158,969	-	-	230,000	158,969	1,385,000	367,252
2014-2018	1,315,000	658,293	-	-	1,315,000	658,293	4,605,000	1,065,375
2019-2023	1,595,000	373,293	-	-	1,595,000	373,293	2,035,000	388,886
2024-2025	740,000	49,000	-	-	740,000	49,000	740,000	49,000
	<u>\$ 4,725,000</u>	<u>\$ 1,962,130</u>	<u>\$ 17,490,000</u>	<u>\$ 356,463</u>	<u>\$ 22,215,000</u>	<u>\$ 2,318,593</u>	<u>\$ 31,260,000</u>	<u>\$ 4,221,993</u>

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

Capital Lease Obligations

The City has entered into capital leasing agreements (two leases as of September 30, 2008) for various golf course related equipment. The scheduled minimum lease payments under these agreements include interest ranging from 5.7 – 6.7%. The cumulative amount of assets acquired under the capital leases described above amounted to \$524,369 with related accumulated depreciation of 134,301 as of September 30, 2008.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008 were as follows:

Year ending September 30:		
2009	\$	102,810
2010		102,547
2011		87,309
2012		7,508
		300,174
Less imputed interest		(21,824)
Present value of minimum lease payments	\$	278,350

Restricted Assets

The 2005 Certificates of Participation trust indentures require the City to establish three special trust funds in the name of the City. Assets of these special funds consist of cash and investments stated at fair value, and are reported in the accompanying balance sheet as cash and investments as follows:

<u>Account</u>	<u>COP Debt Service Fund</u>	<u>Golf Course Fund</u>
Debt Service Fund	\$ 18	\$ 24
Debt Service Reserve Fund	354,156	489,075
	\$ 354,174	\$ 489,099

The monies in the Debt Service Fund Accounts shall be expended for the payment of principal and interest on the bonds.

The Debt Service Reserve Fund Accounts are available to pay principal and interest in the event of a deficiency in the Debt Service Reserve Fund Accounts. In addition, monies in the Debt Service Reserve Fund Accounts shall be used to pay and retire the last outstanding certificates unless such certificates and all interest thereon are otherwise paid.

The Issuance Funds are used to reimburse the City for costs of issuance when the City informs the trustee that these costs have been paid. After all issuance costs have been paid, any remaining funds in these accounts will be transferred to the Debt Service Fund. At September 30, 2008 the Issuance funds had no account balances.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

The State Constitution permits a City, by vote of four-sevenths of the voting electorate in a general election or by vote of two-thirds of the voting electorate in a special election, to incur general obligation indebtedness for "City purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not to exceed, 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 plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property.

At September 30, 2008, based on the assessed valuation as of January 1, 2007, of \$744,248,275, the constitutional total general obligation debt limit for "City purposes" was \$148,849,655, which, after reduction for outstanding general obligation bonds of \$5,970,000 and neighborhood improvement bonds of \$17,490,000, net of amounts available in the General Obligation Bond Debt Service fund of \$906,079, provides a general obligation debt margin of \$126,295,734.

Short-Term Note Payable – Component Unit

During the year, the EDC obtained a short-term promissory note for the purpose of funding ongoing operations.

	Beginning Balance	Additions	Retired	Ending Balance
Short-term note payable	\$ -	\$ 25,010	\$ -	\$ 25,010

The short-term note payable consisted of the following at September 30, 2008
Maturing August 5, 2009:

5.0% Short-term note payable	\$ 25,010
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Conduit Debt

The City has issued taxable industrial revenue bonds to provide financial assistance to private business for economic development. Under related agreements, the City will lease the projects to the businesses and the rental there from shall be applied to pay the debt service on the bonds. The bonds and the interest thereon are special obligations of the City payable solely from the rental payments and shall not constitute obligations of the City. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. As of September 30, 2008, there were three series of taxable industrial revenue bonds outstanding, with an aggregate principal amount payable of \$41.6 million (Kohl's \$37 million, Durvet \$2.1 million, and Meyer Lab \$2.5 million).

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

(8) Leases

A. Heartland Properties

The City entered into a 15-year lease agreement in 1997 whereby the City leases four acres of property to Jefferson Plaza Investors. During fiscal year 2001, the lease obligation was transferred to Cherokee South. In July 2005, the lease obligation was transferred to Heartland Properties. During 2007, the tenant exercised the option to purchase the property. The purchase agreement provides for minimum payments due in annual installments equal to the previous lease agreement. The agreement is collateralized by property owned by Heartland. As of September 30, 2008, the total minimum payments due to the City are \$524,167, payable as follows:

Year Ending	
<u>September 30:</u>	
2009	\$ 85,000
2010	85,000
2011	85,000
2012	85,000
2013-2015	184,167
Total	<u>\$ 524,167</u>

The total minimum payments due to the City are recorded on the City's fund financial statements as Accounts Receivable and Deferred Revenue in the Capital Projects Fund.

B. Conference Center

In 1998, the City has entered into a lease agreement with RMT of Blue Springs for the lease of the property on which the hotel portion of the building housing the conference center stands. The lease term began in the 2000 fiscal year when construction of the conference center was completed.

The capital lease is a 15-year lease with annual rental payments of \$32,689. The lease contains an option for RMT of Blue Springs to purchase the property at the end of the lease term for \$150. If the tenant opts to exercise the purchase option, the annual rental payments for the first three years of the lease term may be deferred until the purchase option is exercised. At this time, the annual rental payments deferred from the first three years will be due plus interest calculated at 4% per year. However, the tenant will not be required to pay the interest accrued if the lease payments deferred from the first three years are paid in the sixth, seventh, and eighth years of the lease agreement.

During 2004, the agreement was amended. A new provision was added deferring the payment of rent, whereby RMT is to pay the City the base rent plus the amount in arrears at such time that RMT achieves a profit. Should RMT exercises the purchase option, the provision for payment in lieu of base rent in the event of a profit shall survive and be in full force for thirty-six months after the exercise of the option.

As of September 30, 2008, the total future minimum lease payments were \$490,335 and are recorded on the City's fund financial statements as Accounts Receivable and Deferred Revenue in the Capital Projects Fund.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

(9) Sewerage Service Agreement

In 1971, the City entered into an agreement to provide sewer service to the City of Grain Valley. In return, the City of Grain Valley is billed for operating costs incurred by the City of Blue Springs based on percentages of users. Service charges for the City of Grain Valley were \$441,754 for the year ended September 30, 2008 and were recorded as charges for services in the Sewer Utility Fund.

(10) Transactions with Related Parties – Component Unit

Banking Services

The Blue Springs EDC receives banking services from a financial institution for which a Board Member serves as president. In addition to depository services, the financial institution provided the EDC with a short-term note payable during 2008 as described in Note 7. Total bank fees paid during 2008 were \$576, and no fees were outstanding as of September 30, 2008.

(11) Commitments and Contingencies

A. Employees 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 LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required by State Statute to contribute at an actuarially determined rate; the current rate is 7.3% (general) and 8.4% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by State Statute.

CITY OF BLUE SPRINGS, MISSOURI
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September 30, 2008

Annual Pension Cost

For 2008, the City's annual pension cost of \$743,287 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2008 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 and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement 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 29, 2008 was 15 years.

(UNAUDITED)

Three-Year Trend Information			
Plan Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/06	\$ 744,744	100 %	\$ -
6/30/07	832,870	100 %	-
6/30/08	743,287	100 %	-

Note: 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, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

B. Post Employment Health Benefits

In addition to providing pension benefits the City provides the post employment healthcare benefits described below. In past years the city has recorded the cost of providing these benefits on a pay-as-you-go-basis. During the year ended September 30, 2008 the City adopted GASB Statement No. 45. Under GASB 45, the City recognizes the cost of post-employment healthcare benefits in the year when the employee services are provided, reports the accumulated liability from prior years, and provides additional information useful to assess potential demands on the City's future cash flows. Recognition of the liability that has accumulated from prior years will be phased in over 30 years, commencing with the 2007-08 year.

Plan Description

The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to employees that retire from City employment and who participate in the Missouri Local Government Employees Retirement System (LAGERS). The City provides retiree healthcare benefits through the Mid-America Regional Council Insurance Trust (MARCIT), which is a risk pool comprised of approximately 115 entity members. It has been determined that MARCIT functions as an agent multiple-employer plan.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

The City requires the retirees to pay 125% of the premiums charged to active employees. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. (The retiree insurance is guaranteed issue; no medical questionnaire is required.) The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability, and the City has chosen not to fund it. City policy dictates the payment of retiree claims as they become due.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount of expected employer contributions to the plan, and changes in the City's net OPEB obligation.

	Governmental Activities	Business- Type Activities	Total Primary Government
Annual required contribution	\$ 61,977	\$ 5,252	\$ 67,229
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost (expense)	61,977	5,252	67,229
Less: Expected retiree contributions	8,941	-	8,941
Increase in net OPEB obligation	53,036	5,252	58,288
Net OPEB obligation - October 1, 2007	-	-	-
Net OPEB obligation - September 30, 2008	<u>\$ 53,036</u>	<u>\$ 5,252</u>	<u>\$ 58,288</u>

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2008 is as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Governmental Activities:				
	9/30/2008	\$ 61,977	14.4%	\$ 53,036
Business-Type Activities:				
	9/30/2008	\$ 5,252	0.0%	\$ 5,252

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

Funded Status and Funding Progress

As of July 1, 2007, which represents both the initial and the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$335,543. There are no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$9,843,910, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 3.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

The projected unit credit actuarial cost method is used in the July 1, 2007 initial actuarial valuation. At this initial valuation date, actuarial present value of benefits is determined for each participant. The sum of these actuarial present values of benefits allocated to the current valuation year is the normal cost for the initial plan year. The sum of actuarial present values of benefits allocated to all valuation years preceding the valuation date represents the actuarial accrued liability.

The actuarial assumptions include a 6.0 percent investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 9.0 percent for the first year and then declining by 0.5 percent per year until 6.0 percent is reached. The 6.0 percent growth is used on a go-forward basis. The UAAL will be amortized over a period of 30 years using a level percentage of projected payroll on an open basis.

C. Insurance

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.

The City is a member of the Mid-America Regional Council Insurance Trust (MARCIT), a not-for-profit corporation consisting of local governments and political subdivisions. MARCIT was formed as a public entity risk retention pool to cover health and dental, workers' compensation, and property and casualty claims for its members. MARCIT has been established as assessable pools and accounting records are maintained for each line of coverage on a policy-year basis. The City pays annual premiums to MARCIT for all coverages. The agreement with MARCIT provides that MARCIT will be self-sustaining through member premiums. MARCIT has the authority to assess members for any deficiencies of revenues under expenses for any single plan year.

CITY OF BLUE SPRINGS, MISSOURI
Notes to the Basic Financial Statements
September 30, 2008

Likewise, MARCIT has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MARCIT has not had deficiencies in any of the past three fiscal years.

D. Water Treatment Plant

In 1981, the voters approved a revenue bond issue in the amount of \$19 million to finance the construction of a water treatment plant and for improvements to the City's water system. In 1984, the City issued \$3.8 million in revenue bonds to construct a water line to Kansas City, Missouri. The City has no immediate plans to issue the remaining \$15.3 million bonds and construct the plant.

E. Contractual Commitments

The City has commitments resulting from construction contracts totaling approximately \$320,000 and \$237,000 in the Capital Project and Enterprise Funds, respectively. The City expects to receive the contracted services during fiscal year 2008.

The City entered into an annually renewable contract to purchase a minimum of 5,000,000 gallons of water per day with a maximum of 7,500,000 gallons per day from the City of Kansas City, Missouri which is renewable yearly. Additionally, the City entered into a contract with the City of Independence, Missouri to purchase a minimum of 800 gallons of water per minute and a maximum of 1,600 gallons of water per minute from Independence through December 7, 2010. The total amount paid under these agreements for the year ended September 30, 2008, totaled \$1,575,341 and \$782,482 respectively.

The City entered into a contract to purchase a minimum of 1,000,000 gallons of water per day from the City of Grain Valley, Missouri for twenty years through February 8, 2025. In addition, the City will pay charges for capital projects associated with the water contract not to exceed the monthly amortization of the project costs of \$19,100,000. The total amount paid under this agreement for the year ended September 30, 2008, totaled \$916,547.

The City has entered into an agreement with RMT of Blue Springs for the operation of the Conference Center. Under the agreement, the City is to pay RMT \$140,000 each year through 2025 until such time that RMT achieves a profit on the operation of the Center. In any year that RMT achieves a profit, the City is to negotiate with RMT to pay an amount deemed to allow RMT to operate the Center on a "break even" basis. If no such amount can be agreed upon, the City is not obligated to pay RMT for the operation of the Center.

F. 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.

G. Federal Assistance

The City has received financial assistance from various federal and state agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements.

Such information includes:

- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
- Schedules of Funding Progress

Budgetary Data

The legal level of control is at the fund level. City management cannot amend the budget without receiving the approval of the City Council. The City Administrator is authorized to approve overspending of budgeted line items within any fund as long as the total expenditures within the fund do not exceed the total approved budgeted expenditures for that fund. However, overspending of total expenditures of any fund requires approval by the City Council.

The City utilizes encumbrances for budgetary reporting purposes. Encumbrances relating to certain contractual agreements, supplies and equipment that have been ordered but not received are reported in the year the commitment arises for budgetary reporting purposes. However, for financial reporting purposes, the goods or services are reported when they are received.

CITY OF BLUE SPRINGS, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 14,087,296	\$ 14,087,296	\$ 16,534,408	\$ 2,447,112
Licenses and permits	805,730	805,730	746,020	(59,710)
Intergovernmental revenues	2,642,826	2,642,826	2,460,890	(181,936)
Charges for services	1,503,448	1,503,448	3,491,270	1,987,822
Administrative charges	1,379,522	1,379,522	1,379,522	-
Fines and forfeits	755,303	755,303	777,911	22,608
Interest	459,576	459,576	556,506	96,930
Donations	-	-	37,416	37,416
Other	326,059	326,059	713,366	387,307
Total revenues	<u>21,959,760</u>	<u>21,959,760</u>	<u>26,697,309</u>	<u>4,737,549</u>
EXPENDITURES				
Current:				
General Government:				
City Council	300,649	341,288	297,014	44,274
Municipal Court	175,000	392,722	413,051	(20,329)
Legal Services	392,722	175,000	185,107	(10,107)
City Administration	497,564	497,564	467,265	30,299
Public Relations and Communications	192,538	226,516	216,467	10,049
Human Resources	326,113	326,113	340,607	(14,494)
Economic Development	300,000	766,630	816,897	(50,267)
Community Development	728,221	803,148	621,191	181,957
Codes Administration	711,535	712,349	708,031	4,318
Geographic Information Systems	181,335	232,025	172,085	59,940
Finance - Accounting & Budget	591,974	615,974	564,081	51,893
License Bureau	326,645	326,645	309,948	16,697
Revenue Collections	229,190	229,190	201,640	27,550
Information Systems	709,617	722,170	722,053	117
	<u>5,663,103</u>	<u>6,367,334</u>	<u>6,035,437</u>	<u>331,897</u>
Public Works:				
Engineering and Administration	1,030,044	1,031,104	967,675	63,429
Highways and Streets:				
Street Maintenance	2,115,673	2,139,187	2,160,149	(20,962)
Public Safety:				
Police Administration	353,292	350,292	353,145	(2,853)
Staff Services	1,843,225	1,853,145	1,933,207	(80,062)
Operations	4,624,796	4,642,691	4,747,619	(104,928)
Professional Services	498,717	502,182	559,472	(57,290)
Community Youth Outreach Unit	1,216,851	1,216,851	1,292,706	(75,855)
Emergency Medical Services	2,069,581	2,073,081	2,108,201	(35,120)
	<u>10,606,462</u>	<u>10,638,242</u>	<u>10,994,350</u>	<u>(356,108)</u>

(continued)

CITY OF BLUE SPRINGS, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES (continued)				
Parks:				
Parks Administration	384,942	399,897	397,502	2,395
Recreation	331,652	333,866	314,923	18,943
Swimming Pools	354,684	354,684	369,810	(15,126)
Parks Maintenance	1,479,185	1,511,599	1,511,049	550
Vesper Hall	364,036	421,483	388,215	33,268
Building Maintenance	622,601	638,476	691,877	(53,401)
	<u>3,537,100</u>	<u>3,660,005</u>	<u>3,673,376</u>	<u>(13,371)</u>
Total expenditures	<u>22,952,382</u>	<u>23,835,872</u>	<u>23,830,987</u>	<u>4,885</u>
Excess (deficiency) of revenues over expenditures	<u>(992,622)</u>	<u>(1,876,112)</u>	<u>2,866,322</u>	<u>4,742,434</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	34,404	34,404	34,583	179
Transfers out	(1,150,000)	(3,759,828)	(3,758,749)	1,079
Total other financing sources (uses)	<u>(1,115,596)</u>	<u>(3,725,424)</u>	<u>(3,724,166)</u>	<u>1,258</u>
Net change in fund balances	<u>\$ (2,108,218)</u>	<u>\$ (5,601,536)</u>	<u>(857,844)</u>	<u>\$ 4,743,692</u>
Fund Balances - Beginning of year			<u>11,581,035</u>	
Fund Balances - End of year - budget basis			10,723,191	
Adjustments:				
Encumbrances			417,828	
Fund balance - End of year - GAAP basis			<u>\$ 11,141,019</u>	
Net change in fund balance - budget basis			\$ (857,844)	
Adjustments:				
Encumbrances - beginning of year			(289,274)	
Encumbrances - end of year			417,828	
Net change in fund balance - GAAP basis			<u>\$ (729,290)</u>	

CITY OF BLUE SPRINGS, MISSOURI
Required Supplementary Information
Schedules of Funding Progress

Employee Retirement System

Actuarial valuation	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a)/(b) Funded ratio	(c) Annual covered payroll	(b)-(a)/(c) UAAL as a percentage of covered payroll
2/28/2006	\$ 22,567,595	\$ 19,915,335	\$ (2,652,260)	113%	\$ 10,400,425	26%
2/28/2007	23,601,358	21,049,539	(2,551,819)	112%	10,740,627	24%
2/29/2008	25,408,654	22,436,156	(2,972,498)	113%	11,337,520	26%

Other Post Employment Benefits

Actuarial valuation	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a)/(b) Funded ratio	(c) Annual covered payroll	(b)-(a)/(c) UAAL as a percentage of covered payroll
January 1, 2007	\$ -	\$ 335,543	\$ 335,543	0.00%	\$ 9,843,910	3.4%

OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

Hotel Motel Tax Fund – established to account for the financial activity related to the collection of the hotel occupancy taxes.

General Obligation Bond Debt Service Fund – established to account for the accumulation of resources for, and the payment of, principal, interest, and other related costs of the City's general obligation bonds.

COP Debt Service Fund – established to account for the accumulation of resources for, and the payment of, principal, interest, and other related costs of the City's certificates of participation debt. This fund was previously called the *Public Building Authority Debt Service Fund*.

TIF Fund – established to account for the activities of the Blue Springs TIF Commission.

CITY OF BLUE SPRINGS, MISSOURI
Combining Balance Sheet - Non-Major Governmental Funds
September 30, 2008

Assets	Hotel Motel Tax	General Obligation	C.O.P. Debt Service	Tax Increment Financing	Total Other Governmental Funds
Cash and investments	\$ 285,942	\$ 841,574	\$ 434,016	\$ 94,589	\$ 1,656,121
Receivables (net of allowances for uncollectibles)					
Taxes	72,888	42,186	-	-	115,074
Accrued interest	-	23,890	-	-	23,890
Due from other governments	-	-	-	13,409	13,409
Prepaid items	-	-	-	158,936	158,936
Total assets	\$ 358,830	\$ 907,650	\$ 434,016	\$ 266,934	\$ 1,967,430
Liabilities					
Accounts payable	\$ -	\$ 1,571	\$ -	\$ 20,496	\$ 22,067
Total liabilities	-	1,571	-	20,496	22,067
Fund Balances					
Reserved for:					
Debt service	-	906,079	434,016	-	1,340,095
Prepaid items	-	-	-	158,936	158,936
Unreserved:					
Special revenue fund	358,830	-	-	-	358,830
Capital projects fund	-	-	-	87,502	87,502
Total fund balances	358,830	906,079	434,016	246,438	1,945,363
Total liabilities and fund balance	\$ 358,830	\$ 907,650	\$ 434,016	\$ 266,934	\$ 1,967,430

CITY OF BLUE SPRINGS, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Non-Major Governmental Funds
For the Year Ended September 30, 2008

	Hotel Motel Tax	General Obligation	C.O.P. Debt Service	Tax Increment Financing	Total Other Governmental Funds
Revenues:					
Taxes	\$ 591,127	\$ 1,112,873	\$ -	\$ 427,862	\$ 2,131,862
Interest	7,217	81,308	10,791	6,048	105,364
Total revenues	<u>598,344</u>	<u>1,194,181</u>	<u>10,791</u>	<u>433,910</u>	<u>2,237,226</u>
Expenditures:					
Current:					
General government	150,000	-	-	13,511	163,511
Debt service:					
Principal retirement	-	695,000	225,000	189,587	1,109,587
Interest and fiscal charges	-	298,094	127,900	278,550	704,544
Total expenditures	<u>150,000</u>	<u>993,094</u>	<u>352,900</u>	<u>481,648</u>	<u>1,977,642</u>
Excess of revenues over (under) expenditures	<u>448,344</u>	<u>201,087</u>	<u>(342,109)</u>	<u>(47,738)</u>	<u>259,584</u>
Other financing sources (uses):					
Payment to refunded bond escrow agent	-	(421,330)	-	-	(421,330)
Transfers in	-	-	348,869	-	348,869
Transfers (out)	(351,532)	-	-	(3,846)	(355,378)
Total other financing sources (uses)	<u>(351,532)</u>	<u>(421,330)</u>	<u>348,869</u>	<u>(3,846)</u>	<u>(427,839)</u>
Net change in fund balances	96,812	(220,243)	6,760	(51,584)	(168,255)
Fund balances - beginning of year	<u>262,018</u>	<u>1,126,322</u>	<u>427,256</u>	<u>298,022</u>	<u>2,113,618</u>
Fund balances - end of year	<u>\$ 358,830</u>	<u>\$ 906,079</u>	<u>\$ 434,016</u>	<u>\$ 246,438</u>	<u>\$ 1,945,363</u>

CITY OF BLUE SPRINGS, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Hotel Motel Tax Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 566,107	\$ 566,107	\$ 591,127	\$ 25,020
Interest	8,825	8,825	7,217	(1,608)
Total revenues	<u>574,932</u>	<u>574,932</u>	<u>598,344</u>	<u>23,412</u>
EXPENDITURES				
Current:				
General government	150,000	150,000	150,000	-
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	424,932	424,932	448,344	23,412
OTHER FINANCING (USES)				
Transfers out	(339,232)	(339,232)	(351,532)	(12,300)
Total other financing sources (uses)	<u>(339,232)</u>	<u>(339,232)</u>	<u>(351,532)</u>	<u>(12,300)</u>
Net change in fund balances	<u>\$ 85,700</u>	<u>\$ 85,700</u>	<u>96,812</u>	<u>\$ 11,112</u>
Fund Balances - Beginning of year			262,018	
Fund Balances - End of year			<u>\$ 358,830</u>	

CITY OF BLUE SPRINGS, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Obligation Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,029,724	\$ 1,029,724	\$ 1,112,873	\$ 83,149
Interest income	44,238	44,238	81,308	37,070
Total revenues	<u>1,073,962</u>	<u>1,073,962</u>	<u>1,194,181</u>	<u>120,219</u>
EXPENDITURES				
Debt Service:				
Principal retirement	695,000	695,000	695,000	-
Interest and fiscal charges	305,568	305,568	298,094	7,474
Total expenditures	<u>1,000,568</u>	<u>1,000,568</u>	<u>993,094</u>	<u>7,474</u>
Excess (deficiency) of revenues over expenditures	73,394	73,394	201,087	127,693
OTHER FINANCING SOURCES (USES)				
Payment to escrow agent	-	(425,030)	(421,330)	3,700
Total other financing sources (uses)	<u>-</u>	<u>(425,030)</u>	<u>(421,330)</u>	<u>3,700</u>
Net change in fund balances	<u>\$ 73,394</u>	<u>\$ (351,636)</u>	<u>(220,243)</u>	<u>\$ 131,393</u>
Fund Balances - Beginning of year			1,126,322	
Fund Balances - End of year			<u>\$ 906,079</u>	

CITY OF BLUE SPRINGS, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - COP Debt Service Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Interest	\$ 16,400	\$ 16,400	\$ 10,791	\$ (5,609)
Total revenues	<u>16,400</u>	<u>16,400</u>	<u>10,791</u>	<u>(5,609)</u>
EXPENDITURES				
Debt Service:				
Principal retirement	225,000	225,000	225,000	-
Interest and fiscal charges	127,969	127,969	127,900	69
Total expenditures	<u>352,969</u>	<u>352,969</u>	<u>352,900</u>	<u>69</u>
Excess (deficiency) of revenues over expenditures	(336,569)	(336,569)	(342,109)	(5,540)
OTHER FINANCING SOURCES (USES)				
Transfers in	336,569	336,569	348,869	12,300
Total other financing sources (uses)	<u>336,569</u>	<u>336,569</u>	<u>348,869</u>	<u>12,300</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>6,760</u>	<u>\$ 6,760</u>
Fund Balances - Beginning of year			427,256	
Fund Balances - End of year			<u>\$ 434,016</u>	

CITY OF BLUE SPRINGS, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Mall at Fall Creek TIF
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 347,873	\$ 347,873	\$ 336,470	\$ (11,403)
Interest	2,500	2,500	2,620	120
Total revenues	<u>350,373</u>	<u>350,373</u>	<u>339,090</u>	<u>(11,283)</u>
EXPENDITURES				
Current:				
General government	\$ 3,000	3,000	4,025	(1,025)
Debt Service:				
Principal retirement	160,000	160,000	160,000	-
Interest and fiscal charges	211,706	211,706	278,550	(66,844)
Total expenditures	<u>374,706</u>	<u>374,706</u>	<u>442,575</u>	<u>(67,869)</u>
Excess (deficiency) of revenues over expenditures	(24,333)	(24,333)	(103,485)	(79,152)
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,667)	(3,667)	(3,667)	-
Total other financing sources (uses)	<u>(3,667)</u>	<u>(3,667)</u>	<u>(3,667)</u>	<u>-</u>
Net change in fund balances	<u>\$ (28,000)</u>	<u>\$ (28,000)</u>	<u>(107,152)</u>	<u>\$ (79,152)</u>
Fund Balances - Beginning of year			310,340	
Fund Balances - End of year			<u>\$ 203,188</u>	

CITY OF BLUE SPRINGS, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Copperleaf Village TIF
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ -	\$ 51,914	\$ 57,625	\$ 5,711
Interest	-	3,200	3,363	163
Total revenues	-	55,114	60,988	5,874
EXPENDITURES				
Current:				
General government	-	54,814	9,486	45,328
Total expenditures	-	54,814	9,486	45,328
Excess (deficiency) of revenues over expenditures	-	300	51,502	51,202
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(300)	(10)	290
Total other financing sources (uses)	-	(300)	(10)	290
Net change in fund balances	\$ -	\$ -	51,492	\$ 51,492
Fund Balances - Beginning of year			(12,318)	
Fund Balances - End of year			\$ 39,174	

CITY OF BLUE SPRINGS, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Highway 7 & 40 TIF
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ -	\$ 35,500	\$ 33,767	\$ (1,733)
Interest	-	-	65	65
Total revenues	-	35,500	33,832	(1,668)
EXPENDITURES				
Debt Service:				
Principal retirement	-	35,000	29,587	5,413
Total expenditures	-	35,000	29,587	5,413
Excess (deficiency) of revenues over expenditures	-	500	4,245	3,745
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(500)	(169)	331
Total other financing sources (uses)	-	(500)	(169)	331
Net change in fund balances	\$ -	\$ -	4,076	\$ 4,076
Fund Balances - Beginning of year			-	
Fund Balances - End of year			<u>\$ 4,076</u>	

CITY OF BLUE SPRINGS, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 3,060,000	\$ 3,060,000	\$ 3,088,786	\$ 28,786
Intergovernmental revenues	794,399	794,399	1,115,858	321,459
Interest	169,000	169,000	232,685	63,685
Donations	-	-	3,587	3,587
Other	85,000	85,000	90,000	5,000
Total revenues	<u>4,108,399</u>	<u>4,108,399</u>	<u>4,530,916</u>	<u>422,517</u>
EXPENDITURES				
Capital outlay	6,595,900	9,275,729	6,942,870	2,332,859
Total expenditures	<u>6,595,900</u>	<u>9,275,729</u>	<u>6,942,870</u>	<u>2,332,859</u>
Excess (deficiency) of revenues over expenditures	(2,487,501)	(5,167,330)	(2,411,954)	2,755,376
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	1,000,000	1,000,000	3,609,828	3,609,828
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>3,609,828</u>	<u>3,609,828</u>
Net change in fund balances	<u>\$ (1,487,501)</u>	<u>\$ (4,167,330)</u>	1,197,874	<u>\$ 6,365,204</u>
Fund Balances - Beginning of year			<u>5,634,543</u>	
Fund Balances - End of year - budget basis			6,832,417	
Adjustments:				
Encumbrances			323,024	
Fund balance - End of year - GAAP basis			<u>\$ 7,155,441</u>	
Net change in fund balance - budget basis			\$ 1,197,874	
Adjustments:				
Encumbrances - beginning of year			(1,374,040)	
Encumbrances - end of year			323,024	
Net change in fund balance - GAAP basis			<u>\$ 146,858</u>	

CITY OF BLUE SPRINGS, MISSOURI
Combining Balance Sheet - TIF Project Funds
September 30, 2008

Assets	Fall Creek TIF	Copperleaf TIF	Highway 7&40 TIF	Total
Cash and investments	\$ 34,919	\$ 44,394	\$ 15,276	\$ 94,589
Due from other governments	9,333	-	4,076	13,409
Prepaid items	158,936	-	-	158,936
Total assets	\$ 203,188	\$ 44,394	\$ 19,352	\$ 266,934
Liabilities				
Accounts payable	\$ -	\$ 5,220	\$ 15,276	\$ 20,496
Total liabilities	-	5,220	15,276	20,496
Fund Balances				
Reserved for:				
Prepaid items	158,936	-	-	158,936
Unreserved:				
Capital projects fund	44,252	39,174	4,076	87,502
Total fund balances	203,188	39,174	4,076	246,438
Total liabilities and fund balance	\$ 203,188	\$ 44,394	\$ 19,352	\$ 266,934

CITY OF BLUE SPRINGS, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - TIF Project Funds
For the Year Ended September 30, 2008

	Fall Creek TIF	Copperleaf TIF	Highway 7&40 TIF	Total
Revenues:				
Taxes	\$ 336,470	\$ 57,625	\$ 33,767	\$ 427,862
Interest	2,620	3,363	65	6,048
Total revenues	<u>339,090</u>	<u>60,988</u>	<u>33,832</u>	<u>433,910</u>
Expenditures:				
Current:				
General government	4,025	9,486	-	13,511
Debt service:				
Principal retirement	160,000	-	29,587	189,587
Interest and fiscal charges	278,550	-	-	278,550
Total expenditures	<u>442,575</u>	<u>9,486</u>	<u>29,587</u>	<u>481,648</u>
Excess of revenues over (under) expenditures	<u>(103,485)</u>	<u>51,502</u>	<u>4,245</u>	<u>(47,738)</u>
Other financing sources (uses):				
Transfers (out)	(3,667)	(10)	(169)	(3,846)
Total other financing sources (uses)	<u>(3,667)</u>	<u>(10)</u>	<u>(169)</u>	<u>(3,846)</u>
Net change in fund balances	(107,152)	51,492	4,076	(51,584)
Fund balances - beginning of year	<u>310,340</u>	<u>(12,318)</u>	<u>-</u>	<u>298,022</u>
Fund balances - end of year	<u>\$ 203,188</u>	<u>\$ 39,174</u>	<u>\$ 4,076</u>	<u>\$ 246,438</u>

AGENCY FUNDS

Agency Funds are used to account for resources received by the City as agent.

Jackson County Tax Fund – accounts for Jackson County, Missouri property taxes collected on behalf of the County.

Employees Flexible Benefit Fund – accounts for funds contributed by employees to a tax-exempt flexible benefit plan.

Eastern Jackson County Betterment Council Fund – accounts for membership deposits of the Council.

CITY OF BLUE SPRINGS, MISSOURI

Combining Statement of Changes in Assets and Liabilities -
All Agency Funds

For the Year Ended September 30, 2008

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
Jackson County Tax Fund				
Assets:				
Cash	\$ 66,358	\$ 18,097,753	\$ 18,066,796	\$ 97,315
Liabilities:				
Due to other governments	\$ 66,358	\$ 18,097,753	\$ 18,066,796	\$ 97,315
Employees Flexible Benefit Fund				
Assets:				
Cash	\$ 419	\$ 453,338	\$ 450,347	\$ 3,410
Liabilities:				
Employee flexible benefit deposits	\$ 419	\$ 453,338	\$ 450,347	\$ 3,410
Eastern Jackson County Betterment Council Fund				
Assets:				
Cash	\$ 38,667	\$ -	\$ 3,829	\$ 34,838
Liabilities:				
Membership Deposits	\$ 38,667	\$ -	\$ 3,829	\$ 34,838
Total - All Agency Funds				
Assets:				
Cash	\$ 105,444	\$ 18,551,091	\$ 18,520,972	\$ 135,563
Total assets	\$ 105,444	\$ 18,551,091	\$ 18,520,972	\$ 135,563
Liabilities:				
Due to other governments	\$ 66,358	\$ 18,097,753	\$ 18,066,796	\$ 97,315
Employee flexible benefit deposits	419	453,338	450,347	3,410
Membership Deposits	38,667	-	3,829	34,838
Total liabilities	\$ 105,444	\$ 18,551,091	\$ 18,520,972	\$ 135,563

DISCRETELY PRESENTED COMPONENT UNIT

CITY OF BLUE SPRINGS, MISSOURI
Combining Statement of Net Assets
Discretely Presented Component Unit
Blue Springs Economic Development Corporation
September 30, 2008

	<u>Program</u>		<u>Total Consolidated Component Unit</u>
	<u>Blue Springs Economic Development Corporation</u>	<u>Blue Springs Growth Initiatives, Inc.</u>	
Assets			
Cash and investments	\$ 29,833	\$ 361,053	\$ 390,886
Receivables:			
Accounts	5,888	-	5,888
Depreciable capital assets, net	16,757	-	16,757
Total assets	<u>52,478</u>	<u>361,053</u>	<u>413,531</u>
Liabilities			
Accounts payable	3,521	-	3,521
Accrued liabilities	15,513	-	15,513
Short-term note payable	25,010	-	25,010
Total liabilities	<u>44,044</u>	<u>-</u>	<u>44,044</u>
Net Assets			
Unrestricted	<u>8,434</u>	<u>361,053</u>	<u>369,487</u>
Total net assets	<u>\$ 8,434</u>	<u>\$ 361,053</u>	<u>\$ 369,487</u>

Statistical Section

STATISTICAL SECTION

This part of the City of Blue Springs' 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

1 - 4

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

5 - 10

These schedules contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.

Debt Capacity

11 - 15

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future

Demographic and Economic Information

16 - 17

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

18 - 20

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.

Sources: 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 2003; schedules presenting government-wide information include information beginning in that year.

Table 1

Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 74,350,440	\$ 78,487,890	\$ 78,680,058	\$ 75,421,297	\$ 73,392,096
Restricted	10,270,621	8,056,155	8,086,101	9,363,978	9,141,264
Unrestricted	5,979,396	7,020,847	8,188,902	9,442,255	6,129,460
Total governmental activities net assets	\$ 90,600,457	\$ 93,564,892	\$ 94,955,061	\$ 94,227,530	\$ 88,662,920
Business-type activities					
Invested in capital assets, net of related debt	\$ 49,993,501	\$ 51,366,319	\$ 51,532,431	\$ 53,298,946	\$ 49,883,666
Restricted	632,403	486,630	491,173	504,990	489,099
Unrestricted	4,253,022	6,765,826	8,244,184	9,657,585	12,289,968
Total business-type activities net assets	\$ 54,878,926	\$ 58,618,775	\$ 60,267,788	\$ 63,461,521	\$ 62,662,733
Primary government					
Invested in capital assets, net of related debt	\$ 124,343,941	\$ 129,854,209	\$ 130,212,489	\$ 128,720,243	\$ 123,275,762
Restricted	10,903,024	8,542,785	8,577,274	9,868,968	9,630,363
Unrestricted	10,232,418	13,786,673	16,433,086	19,099,840	18,419,428
Total primary government net assets	\$ 145,479,383	\$ 152,183,667	\$ 155,222,849	\$ 157,689,051	\$ 151,325,553

Notes: GASB 34 was implemented in the 2003 fiscal year, so only five fiscal years are shown.
In 2006, the City implemented GASB 46, which changed the reporting for restricted net assets.

Table 2

Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 5,061,078	\$ 5,162,402	\$ 5,872,381	\$ 7,241,811	\$ 9,417,156
Public works	1,734,022	1,061,284	1,182,225	1,114,645	1,085,815
Highways and streets	8,825,368	8,909,445	10,682,407	18,328,434	12,583,751
Public safety	9,173,252	9,903,600	10,853,511	10,844,451	11,387,848
Parks and recreation	2,971,296	3,451,261	3,697,637	3,644,910	3,926,097
Interest and fiscal charges	1,423,327	1,248,918	834,021	807,943	768,656
Total governmental activities expenses	29,188,343	29,736,910	33,122,182	41,982,194	39,169,323
Business-type activities:					
Water	5,211,945	6,231,010	6,707,118	7,133,548	7,028,585
Sewer	4,471,163	4,966,863	6,173,085	6,365,722	7,248,223
Golf Course	1,703,288	1,869,774	1,840,266	1,851,144	1,920,248
Total business-type activities expenses	11,386,396	13,067,647	14,720,469	15,350,414	16,197,056
Total primary government expenses	\$ 40,574,739	\$ 42,804,557	\$ 47,842,651	\$ 57,332,608	\$ 55,366,379
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,952,107	\$ 3,317,649	\$ 3,280,500	\$ 3,438,438	\$ 3,192,776
Public works	263,335	107,735	336,522	240,110	303,539
Highways and streets	1,000	600	1,200	5,023	5,200
Public safety	1,792,071	1,857,024	1,962,360	2,020,941	2,448,292
Parks and recreation	527,557	595,549	596,353	679,237	670,760
Operating grants and contributions	833,101	729,039	960,638	718,617	684,440
Capital grants and contributions	2,972,351	5,947,809	6,516,879	10,522,467	1,529,944
Total governmental activities program revenues	9,341,522	12,555,405	13,654,452	17,624,833	8,834,951
Business-type activities:					
Charges for services:					
Water	5,533,238	6,744,738	7,629,315	7,208,618	6,454,183
Sewer	4,240,036	5,555,895	5,812,493	5,995,606	6,141,450
Golf Course	1,013,571	1,384,868	1,482,474	1,658,689	1,750,262
Capital grants and contributions	744,003	2,459,503	620,600	2,572,073	289,624
Total business-type activities program revenues	11,530,848	16,145,004	15,544,882	17,434,986	14,635,519
Total primary government program revenues	\$ 20,872,370	\$ 28,700,409	\$ 29,199,334	\$ 35,059,819	\$ 23,470,470
Net (expense)/revenue					
Governmental activities	\$ (19,846,821)	\$ (17,181,505)	\$ (19,467,730)	\$ (24,357,361)	\$ (30,334,372)
Business-type activities	144,452	3,077,357	824,413	2,084,572	(1,561,537)
Total primary government net expense	\$ (19,702,369)	\$ (14,104,148)	\$ (18,643,317)	\$ (22,272,789)	\$ (31,895,909)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Sales taxes	\$ 9,191,460	\$ 9,587,464	\$ 9,690,850	\$ 10,057,093	\$ 10,119,903
Property taxes	4,738,263	4,716,407	4,975,870	5,153,731	5,421,561
Franchise taxes	2,894,796	3,097,345	3,254,497	3,705,535	5,413,715
Hotel	495,672	524,755	548,352	586,635	591,127
Other taxes	2,219,170	1,939,272	1,747,842	1,802,724	1,759,356
Interest	266,799	408,735	705,272	966,719	894,555
Miscellaneous	4,749	-	192,206	1,500,396	718,366
Gain on disposal of capital assets	-	124,315	-	-	-
Transfers	-	(452,353)	(256,990)	(143,003)	(148,921)
Total governmental activities	19,810,909	19,945,940	20,857,899	23,629,830	24,769,662
Business-type activities:					
Interest	76,764	210,139	567,610	966,158	613,828
Transfers	-	452,353	256,990	143,003	148,921
Gain/Loss on disposal of capital assets	-	-	-	-	-
Total business-type activities	76,764	662,492	824,600	1,109,161	762,749
Total primary government	\$ 19,887,673	\$ 20,608,432	\$ 21,682,499	\$ 24,738,991	\$ 25,532,411
Changes in Net Assets					
Governmental activities	\$ (35,912)	\$ 2,764,435	\$ 1,390,169	\$ (727,531)	\$ (5,564,710)
Business-type activities	221,216	3,739,849	1,649,013	3,193,733	(798,788)
Total primary government	\$ 185,304	\$ 6,504,284	\$ 3,039,182	\$ 2,466,202	\$ (6,363,498)

Note: GASB 34 was implemented in the 2003 fiscal year, so only five fiscal years are shown.

Table 3

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 155,658	\$ 744,941	\$ 791,808	\$ 743,306	\$ 879,990	\$ 2,537,181	\$ 2,453,085	\$ 2,570,622	\$ 2,758,255	\$ 2,505,963
Unreserved	4,579,590	4,553,462	5,978,128	6,026,129	6,917,633	6,029,373	6,852,457	7,846,412	9,112,054	8,635,056
Total General Fund	\$ 4,735,248	\$ 5,298,403	\$ 6,769,936	\$ 6,769,435	\$ 7,797,623	\$ 8,566,554	\$ 9,305,542	\$ 10,417,034	\$ 11,870,309	\$ 11,141,019
All other governmental funds										
Reserved	\$ 5,524,387	\$ 3,215,913	\$ 4,179,569	\$ 5,122,576	\$ 4,118,871	\$ 8,868,531	\$ 5,215,662	\$ 9,185,884	\$ 3,528,551	\$ 2,148,966
Unreserved, reported in:										
Special revenue funds	-	-	-	-	10,936	-	49,536	161,217	262,018	358,830
Capital project funds	4,891,640	3,299,186	2,589,382	6,133,542	5,927,822	1,343,931	2,733,941	(1,325,929)	5,331,632	6,593,008
Total all other governmental funds	\$ 10,416,027	\$ 6,515,099	\$ 6,768,951	\$ 11,256,118	\$ 10,057,629	\$ 10,212,462	\$ 7,999,139	\$ 8,021,172	\$ 9,122,201	\$ 9,100,804

Table 4

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 14,698,804	\$15,489,371.00	\$ 16,181,887	\$ 16,358,955	\$ 17,068,193	\$ 17,540,830	\$ 18,117,769	\$ 18,670,374	\$ 19,704,229	\$ 21,755,056
Licenses, fees and permits	463,360	523,139	487,321	463,303	533,166	579,575	760,068	777,131	772,510	746,020
Intergovernmental	3,100,668	2,752,038	2,639,066	5,002,488	3,346,988	5,449,791	6,243,481	7,948,708	8,056,156	3,576,748
Charges for services	2,602,593	2,759,737	2,908,298	2,879,237	4,185,922	4,110,007	4,156,716	5,114,710	4,515,378	4,870,792
Fines, forfeitures, and court costs	459,224	458,222	422,797	469,762	425,530	553,597	722,021	748,320	753,650	777,911
Interest	875,570	756,952	629,123	365,353	377,166	269,240	411,450	705,272	966,722	894,555
Donations	-	-	82,881	-	119,756	57,972	137,971	133,924	153,479	41,003
Other	515,412	437,607	434,451	886,799	458,592	564,760	282,247	288,160	1,641,225	803,386
Total revenues	22,719,631	23,137,066	24,288,758	26,506,778	26,535,303	29,125,972	30,831,693	34,366,597	36,562,349	33,465,451
Expenditures										
General Government	3,031,454	3,191,422	4,391,837	4,082,149	4,351,160	4,656,520	4,757,672	5,451,595	6,815,363	6,242,211
Public works	981,443	1,164,460	1,522,750	1,394,317	1,623,242	1,570,692	1,022,693	983,707	1,036,256	938,675
Highways and Streets	1,089,311	1,089,384	1,624,900	2,860,046	1,728,690	1,878,221	1,848,000	1,774,500	2,203,282	2,144,303
Public safety	6,444,064	6,801,208	7,624,970	8,353,303	8,660,545	9,428,366	9,669,194	10,241,806	10,623,207	10,919,674
Parks and recreation	1,864,502	2,030,968	2,439,410	2,602,387	2,618,110	2,885,209	3,237,531	3,392,075	3,415,753	3,621,081
Capital outlay	8,334,961	8,211,234	5,665,334	7,236,511	5,145,501	6,460,272	8,325,707	8,920,232	7,893,555	7,993,886
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	1,045,000	1,380,000	1,450,000	1,525,000	1,725,000	1,251,396	873,436	1,440,000	1,140,000	1,109,587
Interest	874,749	816,066	751,953	616,227	1,105,267	1,404,822	1,413,570	791,517	764,868	704,544
Total expenditures	23,864,484	24,866,722	25,671,154	28,769,940	26,975,715	29,331,458	31,137,803	32,995,432	33,892,284	33,673,961
Excess of revenues over (under) expenditures	(945,853)	(1,551,656)	(1,382,396)	(2,263,162)	(440,412)	(205,586)	(306,110)	1,371,165	2,870,065	(208,510)
Other Financing Sources (Uses)										
Bond Proceeds	-	-	-	4,940,000	-	1,110,000	4,225,000	-	-	-
Refunded Bond Proceeds	-	-	-	(4,470,000)	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(4,440,061)	-	-	(5,084,537)	-	-	(421,300)
Transfers in	3,917,262	5,050,220	3,370,279	4,384,179	1,633,273	1,565,062	1,173,324	741,274	381,232	3,993,280
Transfers out	(4,263,102)	(4,894,340)	(2,175,494)	(3,040,587)	(1,611,887)	(1,545,712)	(1,606,327)	(978,914)	(496,993)	(4,114,127)
Sale of capital assets	-	-	-	-	-	-	124,315	-	-	-
Total other financing sources (uses)	(345,840)	155,880	1,194,785	6,293,531	21,386	1,129,350	(1,168,225)	(237,640)	(115,761)	(542,177)
Net change in fund balances	\$ (1,291,693)	\$ (1,395,776)	\$ (187,611)	\$ 4,030,369	\$ (419,026)	\$ 923,764	\$ (1,474,335)	\$ 1,133,525	\$ 2,554,304	\$ (750,687)
Debt service as a percentage of non capital expenditures	9.05%	11.84%	10.56%	15.20%	19.37%	11.42%	9.87%	8.40%	5.91%	6.31%

Total City Taxable Sales by Category
Current Fiscal Year

<u>Sales by Retail Category:</u>	<u>2007</u>	<u>2008</u>
Retail	\$ 595,307	\$ 605,917
Manufacturing	3,739	2,717
Restaurants	20,176	21,618
Services	24,337	24,237
All other outlets	923	2,769
Total	\$ <u>644,482</u>	\$ <u>657,258</u>

Note: Amounts for years prior to 2006 are not available.
Amounts are in Thousands of Dollars

Source: Missouri Department of Revenue

Table 6

Sales Tax Rates
Direct and Overlapping Governments
Last Ten Calendar Years
(in percent)

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Direct Sales Tax Rate City of Blue Springs	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
General Fund Transportation	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Direct Sales Tax Rate City of Blue Springs	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Transportation Development District	0.000	0.000	0.000	0.000	0.000	0.000	0.500	0.500	0.500	0.500
Total Direct Sales Tax Rate	1.500	1.500	1.500	1.500	1.500	1.500	2.000	2.000	2.000	2.000
Total Local Option Sales Tax Rate	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
State of Missouri	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Mo. State Conservation	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Mo. State Parks and Soil	0.875	0.875	0.875	0.875	0.875	0.750	0.750	1.125	1.125	1.125
Jackson County	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
City of Blue Springs	0.000	0.000	0.000	0.000	0.000	0.000	0.500	0.500	0.500	0.500
Transportation Development District	6.600	6.600	6.600	6.600	6.475	6.475	6.975	7.350	7.350	7.350

Note: The rate shown for the Transportation Development District is for Home Depot only.

Source: Missouri Department of Revenue

Table 7

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Real Property			Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Agricultural Property	Commercial Property	Personal Property	Railroads & Utilities				
1999	\$ NA	\$ NA	\$ NA	\$ 96,407,240	\$ 7,602,746	\$ 433,446,886	0.7700	\$ 1,887,659,302	22.96%
2000	NA	NA	NA	104,717,700	9,164,827	480,005,317	0.7500	2,090,170,067	22.96%
2001	NA	NA	NA	111,267,048	7,724,518	499,936,229	0.7500	2,197,825,659	22.75%
2002	322,362,451	81,661	80,179,261	116,846,244	7,972,647	527,442,264	0.7500	2,323,689,321	22.70%
2003	337,154,591	88,095	79,202,065	121,304,731	6,858,371	544,607,843	0.7523	2,408,449,254	22.61%
2004	388,906,198	80,947	96,173,026	115,557,219	6,859,574	607,576,964	0.7130	2,716,544,835	22.37%
2005	401,285,697	180,788	99,568,477	117,035,906	6,528,205	624,599,073	0.7140	2,796,547,859	22.33%
2006	446,162,760	182,141	103,291,773	120,162,987	5,507,669	675,307,330	0.7027	3,050,590,961	22.14%
2007	456,862,349	184,193	107,901,822	124,234,987	5,507,022	694,710,373	0.7029	3,133,659,560	22.17%
2008	493,629,422	181,943	115,500,336	129,576,528	5,360,046	744,248,275	0.6971	3,366,373,178	22.11%

Note: The Jackson County Assessor's Office did not start breaking out the Real Property into Residential, Agricultural, and Commercial until 2002.

Note: The assessed value is set at 19% for residential property, 12% for agricultural property, and 32% for commercial property of the estimated fair market value.

Source: Jackson County Assessor's Office.

Table 8

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per \$100 assessed value)

Fiscal Year	City Direct Rates (1)				Overlapping Rates (2 & 3)					Total Overlapping
	Basic/General Rate	Debt Service	Total Direct	Central Jackson County Fire	Metropolitan Junior College	Blue Springs School District	Jackson County	State		
1999	\$ 0.6200	0.1500	\$ 0.7700	0.8900	0.2300	4.6500	1.093	0.0300	6.8930	
2000	0.6000	0.1500	0.7500	0.8600	0.2300	4.6000	1.1030	0.0300	6.8230	
2001	0.6000	0.1500	0.7500	0.8600	0.2300	4.6000	1.1030	0.0300	6.8230	
2002	0.6000	0.1500	0.7500	0.8600	0.2300	4.6000	1.1130	0.0300	6.8330	
2003	0.6023	0.1500	0.7523	1.2081	0.2300	4.6500	1.1130	0.0300	7.2311	
2004	0.5630	0.1500	0.7130	1.1488	0.2300	5.3893	1.1070	0.0300	7.9051	
2005	0.5640	0.1500	0.7140	1.1350	0.2300	5.3893	1.1070	0.0300	7.8913	
2006	0.5527	0.1500	0.7027	1.1146	0.2171	5.3893	1.0598	0.0300	7.8108	
2007	0.5529	0.1500	0.7029	1.1146	0.2172	5.3893	1.0632	0.0300	7.8143	
2008	0.5471	0.1500	0.6971	1.1029	0.2132	5.3893	1.0523	0.0300	7.7877	

Notes: 1 The General Fund levy rates are limited by Missouri Statutes to \$1.00 per \$100.00 assessed valuation.

There is no limit on the levy rates for General Debt and Interest.

2 County Tax Breakdown for Current Year:

Health & Welfare Fund	0.1560
General Fund	0.1535
Road & Bridge Fund	0.0880
Park Fund	0.1380
Mid-Continent Public Library	0.3212
Handicap	0.0748
Mental Health	0.1208
Total County	<u>1.0523</u>

3 Two other school districts are in the City of Blue Springs. School tax rates for the current year in these districts are:

Grain Valley Reorganized #5	4.9919
Lee's Summit Reorganized #7	5.8116

Note: Taxes are due November 1, delinquent after December 31. Interest of 1.5% per month, up to a maximum of 18% annually 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.

Table 9

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wai-Mart Stores, Inc.	\$ 6,039,507	1	0.81%	\$ 1,924,430	2	0.44%
George T Ward Builders, Inc.	4,032,321	2	0.54%			
Aquila	3,538,774	3	0.48%	6,560,514	1	1.51%
Home Depot	2,017,785	4	0.27%			
Blue Springs 1 LLC	1,834,455	5	0.25%			
Haldex	1,748,562	6	0.23%			
St. Mary's Hospital	1,664,001	7	0.22%	1,799,352	4	0.42%
Fike Metal Corporation	1,656,706	8	0.22%			
WMBS Holdings Inc	1,640,000	9	0.22%			
Southwestern Bell	1,531,821	10	0.21%			
Hiram Jones & Sons, Inc.				1,825,991	3	0.42%
Autumn Place Development				1,684,510	5	0.39%
BS Ford - Robert Balderston				1,472,829	6	0.34%
CP Holdings - K-Mart Corporation				1,382,846	7	0.32%
Sunnyside Garden Apartments				1,274,170	8	0.29%
TMB Service Corp. (Hy-Vee)				1,262,247	9	0.29%
				1,153,230	10	0.27%
Total	\$ 25,703,932		3.45%	\$ 20,340,119		4.69%

Source: Jackson County Collection Department

Table 10

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for Fiscal Year		Collected within Fiscal Year of Levy		Collections in Subsequent Years		Total Collections to Date	
	\$		Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
1999	\$	3,337,541	\$	98.08%	\$	63,003	\$	99.97%
2000		3,571,539	3,436,356	96.21%		133,920	3,570,276	99.96%
2001		3,720,420	3,528,322	94.84%		174,680	3,703,002	99.53%
2002		3,936,159	3,762,443	95.59%		152,062	3,914,505	99.45%
2003		4,085,057	3,908,880	95.69%		154,750	4,063,630	99.48%
2004		4,319,897	4,157,979	96.25%		142,343	4,300,322	99.55%
2005		4,430,699	4,258,261	96.11%		147,158	4,405,419	99.43%
2006		4,762,600	4,588,481	96.34%		139,770	4,728,251	99.28%
2007		4,939,713	4,751,744	96.19%		112,088	4,863,832	98.46%
2008		5,195,766	5,071,884	97.62%		-	5,071,884	97.62%

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Leasehold Revenue Bonds	Certificates of Participation	Development Agreement			
1999	\$ 6,879,772	\$ 8,090,000	\$ -	-	\$ 23,389,314	Not Available	\$ 477.82
2000	6,139,772	7,450,000	-	-	21,356,520	1.89%	444.19
2001	5,364,772	6,775,000	-	-	19,221,085	1.65%	391.85
2002	9,534,772	6,065,000	-	-	22,230,504	1.90%	459.74
2003	8,649,772	5,325,000	-	3,207,500	23,372,444	1.95%	477.01
2004	9,218,436	4,720,000	-	3,102,500	22,584,650	1.83%	457.20
2005	8,760,000	-	3,925,000	2,987,500	21,105,032	1.59%	406.57
2006	7,860,000	-	3,510,000	2,862,500	30,105,840	2.21%	566.98
2007	7,065,000	-	3,300,000	2,727,500	35,722,739	2.39%	662.94
2008	5,970,000	-	3,075,000	5,332,892	36,871,242	2.44%	670.01

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita (1)
	Leasehold Revenue Bonds	Capital Leases	Certificates of Participation			
1999	\$ 7,915,000	\$ 504,542	\$ -	\$ 23,389,314	Not Available	\$ 477.82
2000	7,495,000	271,748	-	21,356,520	1.89%	444.19
2001	7,040,000	41,313	-	19,221,085	1.65%	391.85
2002	6,540,000	90,732	-	22,230,504	1.90%	459.74
2003	6,000,000	190,172	-	23,372,444	1.95%	477.01
2004	5,400,000	143,714	-	22,584,650	1.83%	457.20
2005	-	132,532	5,300,000	21,105,032	1.59%	406.57
2006	-	283,340	5,115,000	30,105,840	2.21%	566.98
2007	-	215,239	4,925,000	35,722,739	2.39%	662.94
2008	-	278,350	4,725,000	36,871,242	2.44%	670.01

Notes: See Table 16 for personal income and population data. The 2006 ratios are calculated using personal income and population data from table 16 which is an estimate.

Table 12

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Est. Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation and NID Bonds	Less Amounts Available in Debt Service	Total		
1999	\$ 6,879,772	\$ (766,101)	\$ 6,113,671	0.32%	\$ 124.90
2000	6,139,772	(799,834)	5,339,938	0.26%	111.06
2001	5,364,772	(831,218)	4,533,554	0.21%	92.42
2002	9,534,772	(948,597)	8,586,175	0.37%	177.57
2003	8,649,772	(955,538)	7,694,234	0.32%	157.03
2004	9,218,436	(1,081,783)	8,136,653	0.30%	164.72
2005	8,760,000	(458,436)	8,301,564	0.30%	159.92
2006	18,335,000	(1,112,774)	17,222,226	0.56%	324.34
2007	24,555,000	(1,126,322)	23,428,678	0.75%	434.79
2008	23,460,000	(906,079)	22,553,921	0.67%	409.84

Notes: 1 See Table 7 for property value data.
2 See Table 16 for population data.

City of Blue Springs, Missouri
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City of Blue Springs	\$ 5,970,000	100.00%	\$ 5,970,000
Blue Springs Reorganized #4 School District	88,500,000	73.50%	65,047,500
Grain Valley Reorganized #5 School District	38,550,000	10.00%	3,855,000
Central Jackson County Fire Protection District	<u>9,550,000</u>	90.00%	<u>8,595,000</u>
Total direct and overlapping debt	\$ <u>142,570,000</u>		\$ <u>83,467,500</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 outstanding debt of those overlapping governments that is borne by the residents and businesses of Blue Springs. 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.

Source: The debt outstanding data and applicable percentages provided by each governmental entity.

Legal Debt Margin Information
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit (1)	\$ 96,001,063	\$ 96,001,063	\$ 99,987,246	\$ 105,488,453	\$ 108,921,569	\$ 121,515,393	\$ 124,919,815	\$ 135,061,466	\$ 138,942,075	\$ 146,849,655
Total net debt applicable to limit	6,113,671	5,339,938	4,533,554	8,586,175	7,694,234	8,136,653	8,301,564	17,222,226	23,428,678	22,553,921
Legal Debt Margin	89,887,392	90,661,125	95,453,692	96,902,278	101,227,335	113,378,740	116,618,251	117,839,240	115,513,397	126,295,734
Total net debt applicable to the limit as a percentage of debt limit	6.368%	5.562%	4.534%	8.139%	7.064%	6.696%	6.646%	12.751%	16.862%	15.152%

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed Value	\$ 744,248,275
Debt Limit (20% of assessed value)	148,849,655
General obligation:	
City-Wide	5,970,000
Neighborhood Improvement Districts	17,490,000
Total Bonded Debt	23,460,000
Less:	
Debt Service Fund Balance	906,079
Total net debt applicable to limit	22,553,921
Legal debt margin	126,295,734

Notes:

- 1 - Article 6, Section 26(b) of the Missouri Constitution permits any county or city, by vote of four-sevenths of qualified electors voting thereon, to incur an indebtedness to city purposes not to exceed 5 percent of the value of the taxable tangible property therein, 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-sevenths of qualified electors voting thereon, to incur additional indebtedness of city purposes not to exceed 5 percent of the value of the taxable tangible 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 tangible property for the purpose of acquiring right-of-ways, constructing, extending and improving streets and avenues and/or sanitary or storm sewer systems and an additional 10 percent for purchasing or construction of waterworks, electric or other light plants provided the total general obligated indebtedness of the city does not exceed 20 percent of the assessed valuation.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest (2)	
1999	\$ 8,949,589	\$ 6,487,402	\$ 2,462,187	\$ 305,000	\$ 92,878	6.19
2000	9,223,014	6,794,836	2,428,178	320,000	69,485	6.23
2001	9,052,132	6,921,159	2,130,973	330,000	56,945	5.51
2002	9,777,574	3 6,919,731	2,857,843	350,000	44,344	7.25
2003	9,135,943	7,059,966	2,075,977	365,000	30,345	5.25
2004	10,594,041	4 9,683,108	910,933	375,000	15,563	2.33
2005	13,527,396	5 9,368,387	4,159,009	-	-	-
2006	13,744,338	6 10,977,950	2,766,388	-	-	-
2007	13,232,926	7 11,040,024	2,192,902	-	-	-
2008	12,595,633	11,526,280	1,069,353	-	-	-

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, and non-operating expenses.
 - 2 Includes estimated fiscal charges.
 - 3 Includes City of Grain Valley payment for sewer treatment facility.
 - 4 Includes intergovernmental grants for Adams Dairy Parkway for \$681,677.
 - 5 Includes intergovernmental grants for Adams Dairy Parkway for \$1,226,763.
 - 6 Includes intergovernmental grants for Adams Dairy Parkway for \$302,530
 - 7 Includes intergovernmental grants for Adams Dairy Parkway for \$28,702.

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year (3)</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
1999	48,950	\$ Not Available	\$ Not Available	30.20	12,512	2.30%
2000	48,080	1,127,187,520	23,444	32.90	12,551	3.40%
2001	49,052	1,167,224,714	23,796	33.10	12,660	2.60%
2002	48,355	1,167,898,726	24,153	33.40	13,009	3.30%
2003	48,998	1,201,180,278	24,515	35.30	13,012	5.70%
2004	49,398	1,235,205,956	25,005	35.30	13,312	2.90%
2005	51,910	1,323,979,351	25,505	35.90	13,286	3.50%
2006	53,099	1,364,803,597	25,703	35.10	13,608	3.70%
2007	53,885	1,493,692,200	27,720	33.10	13,871	3.40%
2008	55,031	1,508,674,865	27,415	35.26	13,951	3.40%

Note: The information for 2006 is an estimate.

Sources

- 1 Information provided by KCADC through the Blue Springs Economic Development Council - Claritas report
- 2 Information provided by school districts.
- 3 The information shown is for calendar years.

Table 17

Principal Employers
Current Year and Nine Years Ago

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Blue Springs School District	1,615	1	5.62%	1,515	1	6.29%
St. Mary's Hospital of Blue Springs	650	2	2.26%	650	2	2.70%
Wal-Mart Stores, Inc.	441	3	1.54%	376	5	1.56%
Price Chopper	402	4	1.40%	399	4	1.66%
Fike Corporation	300	5	1.04%	330	6	1.37%
Durvet	296	6	1.03%			
City of Blue Springs	272	7	0.95%	233	9	
Hy-Vee	245	8	0.85%	300	7	1.24%
Kohl's	239	9	0.83%	639	3	2.65%
Haldex, Inc.	207	10	0.72%	250	8	1.04%
Gemaco				195	10	0.81%
Total	4,667		16.24%	4,887		19.32%

Source: Blue Springs Economic Development Corporation and Mid-America Regional Council.

Table 18

Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Administration	5.00	5.00	5.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public relations and communications	-	-	-	-	-	2.00	2.00	2.00	2.00	2.00
Human resources	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Information services	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Community development	5.19	4.19	6.19	6.19	6.19	7.20	7.20	7.20	7.20	7.20
Codes administration	6.23	6.23	7.23	7.23	7.23	7.23	8.00	9.00	10.00	10.46
Geographic information systems	-	-	-	-	-	0.20	0.20	0.20	1.20	1.20
Economic development	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	N/A
Finance	14.18	14.18	15.10	19.80	19.80	20.30	21.90	21.90	21.90	22.90
Municipal court	2.12	2.12	3.12	3.12	3.12	4.12	4.62	5.62	5.62	5.62
Public Works	7.90	9.09	15.47	15.94	14.94	12.94	12.94	12.94	12.54	12.54
Highways and streets	11.54	12.30	15.30	15.30	15.30	15.30	15.30	15.30	17.30	16.30
Public Safety										
Administration	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Operations	50.50	51.23	52.23	54.23	54.23	53.23	59.23	59.23	63.00	63.00
Staff services	28.75	30.85	30.85	30.85	31.85	29.20	26.20	26.20	26.20	18.00
Professional standards	3.00	3.00	3.00	3.00	3.00	6.65	7.65	7.65	8.65	15.20
Community/youth outreach	13.69	14.00	15.00	15.00	14.00	15.00	17.50	17.50	17.00	18.65
Parks and Recreation										
Administration	4.58	4.65	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Building Maintenance	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
50-Plus Programs	6.21	6.00	6.32	6.32	6.32	7.47	7.47	7.47	7.47	7.99
Parks Maintenance	18.60	18.60	19.60	19.60	19.60	19.60	19.60	19.60	20.33	20.33
Recreation	2.50	2.50	2.75	2.75	2.75	2.00	2.00	2.00	2.00	2.00
Swimming pool	10.50	11.04	11.04	11.04	11.04	11.00	-	-	-	-
Water										
Operations	7.24	7.24	3.70	4.00	4.00	5.00	4.50	5.00	5.00	5.33
Maintenance	7.50	7.50	9.50	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Sewer										
Operations	7.24	7.24	-	4.00	4.00	5.00	4.50	5.00	5.00	5.33
Maintenance	4.00	4.00	7.50	4.00	4.00	4.00	4.00	6.00	6.00	6.00
Shi-A-Bar treatment plant	3.50	3.50	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Central Garage fund	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	232.97	239.46	251.40	255.37	256.37	261.44	258.81	263.81	272.41	272.05

Source: City of Blue Springs Budget

Table 20

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	-	-	-	-	-	-	1	2	2	1
Vehicles	32	15	15	17	17	17	17	17	17	18
Public Works										
Total area (square miles)	18.10	17.70	17.79	18.00	21.21	21.21	21.67	22.01	22.01	22.11
Paved miles	178.25	186.00	189.00	214.00	221.00	221.00	227.00	232.67	239.06	240.31
Street Lights	2,056	2,197	2,299	2,449	2,463	2,278	2,418	2,570	2,613	2,409
Storm sewers (miles)	54.01	59.00	61.00	74.00	78.00	79.00	82.00	82.60	87.61	89.79
Parks and Recreation										
Park acreage - Developed	679.00	679.00	679.00	679.00	679.00	679.00	679.00	679.00	679.00	679.00
Park acreage - Undeveloped	12	12	12	12	12	12	14	14	14	14
Parks - Developed	4	4	4	4	4	4	4	4	5	7
Parks - Undeveloped	2	2	2	2	2	2	2	2	2	2
Swimming pools	N/A	N/A	12	12	12	12	12	12	11	12
Soccer fields	N/A	N/A	23	21	23	23	20	20	21	20
Tennis courts	-	-	-	-	-	-	1	2	2	2
Skate Parks	6	6	6	6	6	6	6	6	8	8
Baseball fields	13	13	13	13	15	15	15	15	14	15
Softball fields	-	-	-	-	-	-	10	15	15	15
Miles of walking/bike trails	2	2	2	2	2	2	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Conference centers	1	1	1	1	1	1	1	1	1	1
Public golf courses	1	1	1	1	1	1	1	1	1	1
Football fields	-	-	-	-	-	-	-	-	3	3
BMX race track	-	-	-	-	-	-	-	-	1	1
Basketball courts	-	-	-	-	-	-	-	-	7	7
Volleyball courts	-	-	-	-	-	-	-	-	14	14
Picnic shelters	-	-	-	-	-	-	-	-	18	18
Playgrounds	-	-	-	-	-	-	-	-	15	15
Dog Park Facility	-	-	-	-	-	-	-	-	1	1
Water										
Water mains (miles)	199.52	210.00	214.00	215.00	222.00	224.00	229.00	230.00	230.10	232.50
Fire hydrants	N/A	N/A	1,999.00	2,040.00	2,111.00	2,166.00	2,213.00	2,280.00	2,305.00	2,350
Average daily consumption (millions of gallons)	4.98	5.40	5.10	5.20	5.40	5.40	5.60	4.50	5.33	4.8
Sewer										
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Sewer mains (miles)	181.30	190.00	235.00	238.00	245.00	246.00	332.00	332.00	348.01	350.69
Average daily treatment (millions of gallons)	N/A	N/A	8.30	7.68	7.88	9.60	5.03	3.08	3.35	4.97

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APPENDIX C

REVENUE STUDY

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**TAX INCREMENT FINANCING REVENUE STUDY
ADAMS FARM TAX INCREMENT PROJECT
INTERSTATE 70 AND ADAMS DAIRY PARKWAY
BLUE SPRINGS, MISSOURI**

April 2009

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

April 20, 2009

Eric Johnson, City Administrator
City of Blue Springs
903 West Main Street
Blue Springs, MO 64015

RE: Tax Increment Financing Revenue Projections
Adams Farm Tax Increment Project; Blue Springs, Missouri

Mr. Johnson:

Both Taxing Increment Financing ("TIF") and Transportation Development District ("TDD") financing are approved to assist with financing eligible project costs for the Adams Farm Redevelopment Project Area located at Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri. TIF and TDD Sales Tax revenues were forecast for only those tenants open for business or under construction within the Adams Farm Redevelopment Project Area or the boundaries of the three TDDs as of the date of this report.

The Tax Increment Financing District includes Adams Dairy Landing, a 555,835 square foot shopping center being developed by Blue Springs Development Three, Inc. Adams Dairy Landing will be anchored by a 132,498 square foot Target and 111,348 square foot Lowe's. This report forecasts TIF revenues for only the Target store now under construction.

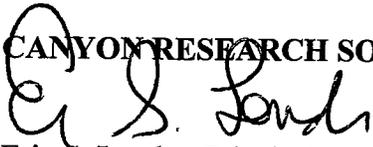
Three Transportation Development Districts are also incorporated into the revenue projections. Located within these three Transportation Development Districts are, 1) Adams Dairy Landing, Coronado Place Shopping Center and Meiners Market, 2) Wal-Mart Supercenter and 3) Home Depot. Coronado Place includes 27,675 square feet of small shops and five out parcels occupied by National Tire & Battery, Taco Bell, Sonic, Texas Roadhouse and Panda Express.

Permission is granted to incorporate the findings and conclusions of this report into any bond offering documents or reports that you may deem necessary.

Upon review of the report, should any questions arise or additional information requested, contact me directly at (716) 362-1203.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.


Eric S. Lander, Principal

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

**TAX INCREMENT FINANCING REVENUE STUDY
ADAMS FARM TAX INCREMENT PROJECT
INTERSTATE 70 AND ADAMS DAIRY PARKWAY
BLUE SPRINGS, MISSOURI**

April 2009

Prepared for:

City of Blue Springs
903 West Main Street
Blue Springs, MO 64015

Prepared by:

Canyon Research Southwest, Inc.
651 Delaware Avenue, Suite 139
Buffalo, NY 14202

PR# 08-11-03

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SUMMARY OF MAJOR FINDINGS

The Adams Farm Tax Increment Financing (“TIF”) Plan will assist in funding redevelopment of 72 acres located at the intersection of Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri. The site is designed for the 555,835 square foot Adams Dairy Landing shopping center anchored by Target and Lowe’s Home Improvement Warehouse. A Transportation Development District (“TDD”) has also been created, encompassing Adams Dairy Landing and the neighboring Meiners Market and Coronado Place Shopping Center. Coronado Place consists of 27,675 square feet of small shops and five out parcels. Two separate Transportation Development Districts will also contribute to the road improvement costs, one including the existing Wal-Mart Supercenter and the other the existing Home Depot.

This report evaluates the market viability of developing the Adams Farm Redevelopment Project Area with a power center as well as forecast TIF and TDD Sales Tax revenue streams through maturity of the TIF Plan. The report’s major findings are summarized below.

Competitive Retail Market Conditions

The Adams Farm Redevelopment Project Area is located within the Interstate 70 corridor in eastern Jackson County. This corridor has historically served as eastern Jackson County’s principal retail destination. Independence Center with 2.9 million square feet of retail space serves as the primary retail hub. Since 1999, over 1.2 million square feet of retail space has been constructed within the Independence Center hub, further elevating its status as a major shopping destination.

The Adams Farm Redevelopment Project Area’s primary trade area encompasses a 5-mile radius from the site. Pent-up retail space demand within the primary trade area is estimated at 1.44 million square feet. By the year 2013, the primary trade area is forecast to garner retail sales sufficient to support an additional 264,561 square feet of retail space. No large-scale shopping centers are currently planned for near-term construction within Blue Springs. Therefore, sufficient short-term retail space demand exists within the primary trade area to absorb the 555,835 square feet of retail space planned for the Adams Farm Redevelopment Project Area.

Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that the primary trade area is under-retailed, with retail sales leakage in 2008 estimated at \$364.6 million. Retail categories most under-supplied include warehouse clubs and super stores; clothing and accessories; building materials, lawn and garden stores; supermarkets; home electronics and appliances; and furniture and home furnishings. These retail deficiencies offer the potential to support retail development the scale of that which is proposed within the Adams Farm Redevelopment Project Area.

The ability of the Adams Farm Redevelopment Project Area to facilitate power center development is influenced by several factors. First, the property possesses the necessary parcel size and orientation, visibility, exposure and accessibility. Second, the site benefits from favorable trade area demographics, moderate direct competition and commitments by Target and Lowe’s. Third, the location at the confluence of Interstate 70 and Adams Dairy Parkway effectively expands the primary trade area. Fourth, the closest concentration of national big-box retailers is located outside of the primary trade area adjacent to Independence Center. Lastly, Blue Springs is a growing suburban community that is vastly under-retailed.

Tax Increment Financing Revenues

Project costs associated with the Adams Farm Redevelopment Plan will be funded through use of Tax Increment Financing (“TIF”) and three Transportation Development Districts (“TDD”). The Adams Farm Redevelopment Plan was activated on December 15, 2008.

TIF revenues were forecast for only those tenants open for business or under construction within the Adams Farm Redevelopment Project Area as of the date of this report. A 132,498 square foot Target store is now under construction and scheduled to open in October 2009. Through maturity of the TIF Plan on December 14, 2031, the Adams Farm Redevelopment Project Area is forecast to generate total net TIF revenues of \$13.6 million, exclusive of collection fees. Sources of TIF funds include \$5.1 million in PILOTS and \$8.5 million in EATS. Accounting for the lag in property tax and sales tax receipts, an estimated \$13.3 million in TIF revenues are forecast to be collected and deposited into the Special Allocation Fund prior to maturity of the TIF Plan.

TDD Sales Tax Revenues

The Adams Farm TDD includes the tenant space open for business or under construction within the Adams Farm Redevelopment Project Area as well as the neighboring 6,400 square foot Meiners Market and Coronado Place Shopping Center. A 1.0 percent TDD Sales Tax will be imposed for up to 30 years. Cooperative agreements have also been executed with the existing Wal-Mart Supercenter and Home Depot stores that will contribute TDD revenues to the City for Project Costs consisting of road projects. A TDD Sales Tax in the amount of 0.5 percent will be levied on both stores for a period of ten years.

Through maturity of the TIF Plan on December 14, 2031, the Adams Farm TDD is forecast to generate total TDD Sales Tax revenue of approximately \$19.2 million, net of a 1.0 percent collection fee levied by the City of Blue Springs. Accounting for the 2-month lag in sales tax receipts, an estimated \$19.1 million in TDD Sales Taxes will be deposited into the TDD Fund and available to fund debt service prior to maturity of the Adams Farm TIF Plan.

Total TIF and TDD Sales Tax Revenues

Through maturity of the Adams Farm TIF Plan on December 14, 2031, those tenants open for business or under construction within the Adams Farm TIF and TDD, Wal-Mart TDD and Home Depot TDD are estimated to generate \$32.8 million in TIF and TDD Sales Tax revenue, net of collection fees. Accounting for the lag in property and sales tax receipts an estimated \$32.3 million in TIF and TDD Sales Tax revenues will be collected and deposited into the Special Allocation Fund prior to maturity of the Adams Farm TIF Plan.

The Adams Farm TDD is capable of levying a TDD Sales Tax for up to 30 years, extending past maturity of the TIF Plan by seven years. From December 15, 2031 through December 31, 2038 the Adams Farm TDD is forecast to generate additional net revenues of \$4.64 million.

These TIF revenue projections were based on current market conditions and tax rates, and represents estimates only. Information was obtained from the City of Blue Springs, RED Development and Jackson County and is deemed to be reliable and accurate.

Summary of Projected TIF and TDD Sales Tax Revenues Adams Farm Tax Increment Financing Plan

Year	Net Revenues			Lagging Receipts			Available Funds For Bond Obligations	
	PILOTS 100%	EATS 50%	TDD Sales Tax	Total Net Revenues	PILOTS	EATS		TDD Sales Tax
2009	\$0	\$102,049	\$549,941	\$651,990	\$0	\$23,294	\$351,089	\$374,383
2010	\$183,560	\$356,731	\$1,117,330	\$1,657,621	\$0	\$375,868	\$1,129,450	\$1,505,313
2011	\$187,717	\$336,417	\$1,141,370	\$1,665,504	\$183,560	\$339,812	\$1,137,353	\$1,660,724
2012	\$187,717	\$336,273	\$1,166,343	\$1,690,334	\$187,717	\$336,297	\$1,162,169	\$1,686,184
2013	\$196,199	\$341,317	\$1,186,698	\$1,724,213	\$187,717	\$340,474	\$1,183,296	\$1,711,488
2014	\$196,199	\$346,437	\$1,207,418	\$1,750,055	\$196,199	\$345,582	\$1,203,955	\$1,745,736
2015	\$205,021	\$351,634	\$1,228,506	\$1,785,161	\$196,199	\$350,765	\$1,224,981	\$1,771,946
2016	\$205,021	\$356,908	\$1,249,969	\$1,811,898	\$205,021	\$356,027	\$1,246,382	\$1,807,430
2017	\$214,195	\$362,262	\$1,271,815	\$1,848,272	\$205,021	\$361,367	\$1,268,164	\$1,834,552
2018	\$214,195	\$367,696	\$1,294,052	\$1,875,943	\$214,195	\$366,788	\$1,290,336	\$1,871,319
2019	\$223,736	\$373,211	\$902,702	\$1,499,649	\$214,195	\$372,289	\$968,106	\$1,554,590
2020	\$223,736	\$378,809	\$526,224	\$1,128,770	\$223,736	\$377,874	\$589,142	\$1,190,732
2021	\$233,659	\$384,492	\$534,117	\$1,152,267	\$223,736	\$383,542	\$532,798	\$1,140,076
2022	\$233,659	\$390,259	\$542,129	\$1,166,047	\$233,659	\$389,295	\$540,790	\$1,163,744
2023	\$243,979	\$396,113	\$550,261	\$1,190,352	\$233,659	\$395,134	\$548,902	\$1,177,695
2024	\$243,979	\$402,054	\$558,515	\$1,204,548	\$243,979	\$401,061	\$557,135	\$1,202,175
2025	\$254,711	\$408,085	\$566,893	\$1,229,689	\$243,979	\$407,077	\$565,493	\$1,216,549
2026	\$254,711	\$414,207	\$575,396	\$1,244,314	\$254,711	\$413,184	\$573,975	\$1,241,370
2027	\$265,873	\$420,420	\$584,027	\$1,270,320	\$254,711	\$419,381	\$582,585	\$1,256,677
2028	\$265,873	\$426,726	\$592,787	\$1,285,386	\$265,873	\$425,672	\$591,323	\$1,282,868
2029	\$277,481	\$433,127	\$601,679	\$1,312,287	\$265,873	\$432,057	\$600,193	\$1,298,123
2030	\$277,481	\$439,624	\$610,704	\$1,327,809	\$277,481	\$438,538	\$609,196	\$1,325,215
2031	\$289,554	\$425,435	\$590,995	\$1,305,984	\$277,481	\$427,807	\$589,535	\$1,294,823
Totals	\$5,078,257	\$8,550,286	\$19,149,871	\$32,778,414	\$4,788,703	\$8,479,186	\$19,046,348	\$32,314,237

Source: Canyon Research Southwest, Inc.; April 2009.

**TAX INCREMENT FINANCING REVENUE STUDY
ADAMS FARM TAX INCREMENT PROJECT
INTERSTATE 70 AND ADAMS DAIRY PARKWAY
BLUE SPRINGS, MISSOURI**

April 2009

INTRODUCTION

Study Objective and Organization

Both Taxing Increment Financing (“TIF”) and Transportation Development District (“TDD”) financing are approved to assist with financing eligible Project Costs for the Adams Farm Redevelopment Project Area located at Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri.

The Tax Increment Financing District includes Adams Dairy Landing, a 555,835 square foot shopping center being developed by Blue Springs Development Three Inc. TIF revenues were forecast for only those tenants open for business or under construction with the Adams Farm Redevelopment Project Area as of the date of this report. Tenants open for business or currently under construction with the Adams Farm Redevelopment Project Area include a 132,498 square foot Target store scheduled to open in October 2009.

Three Transportation Development Districts are also incorporated into the revenue projections, including: 1) Adams Dairy Landing, Coronado Place and Meiners Market, 2) Wal-Mart Supercenter and 3) Home Depot. Coronado Place includes 27,675 square feet of small shops and five out parcels occupied by National Tire & Battery, Taco Bell, Sonic, Texas Roadhouse and Panda Express.

The purpose of this report is to evaluate that development of the Adams Farm Redevelopment Project Area at the intersection of Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri with a 555,835 square foot shopping center is feasible and appropriate as well as forecast TIF revenues through maturity of the TIF Plan. In doing so, this report includes both a *Retail Marketability Analysis* and *TIF Revenue Projections*.

The *Retail Marketability Analysis* section of the report evaluates current competitive retail market trends impacting the Adams Farm Redevelopment Area, including historical metropolitan Kansas City retail market trends, historical city sales tax collections, trade area retail sales gap analysis, a survey of competitive shopping centers and retail space demand projections. A site evaluation determines the suitability of the Redevelopment Area as an anchored shopping center site. Based on the study findings, the market viability of developing the Adams Farm Redevelopment Area with an anchored shopping center is determined.

The *TIF Revenue Projections* section of the report provides TIF and TDD Sales Tax revenue estimates for the Adams Farm Redevelopment Project Area through the statutory 23-year maturity of the TIF Plan. The TIF revenue forecasts are limited to 1) those tenants open for business or 2) businesses currently under construction. The Transportation Development District (“TDD”) also incorporates the neighboring Coronado Place designed for 27,675 square feet of small shops and five out parcels; 6,400 square foot Meiner’s Market; 171,000 square foot Wal-Mart Supercenter and 119,227 square foot Home Depot.

Permission is granted to incorporate the findings and conclusions of this report into any TIF bond offering documents. Information provided by the City of Blue Springs, Jackson County and RED Development was deemed accurate and reliable.

Canyon Research Southwest, Inc.

Adams Farm Redevelopment Plan

On February 20, 2007 the City of Blue Springs, Missouri adopted the Adams Farm TIF Plan that provides for the redevelopment of a 72-acre site located at the southeast and southwest corners of Interstate 70 and Adams Dairy Parkway. Planned for construction is the 555,835 square foot Adams Dairy Landing anchored by a Target and Lowe's Home Improvement Warehouse.

This report forecasts TIF revenues for 1) those tenants open for business or 2) businesses currently under construction within the Adams Farm Redevelopment Project Area. As of the date of this report a 132,498 square foot Target store was under construction and scheduled to open by October 11, 2009. Lowe's has purchased a building site but has yet to start construction on the planned 111,348 square foot store.

Three Transportation Development Districts are also incorporated into the revenue projections, including: 1) Adams Dairy Landing, Coronado Place Shopping Center and Meiners Market, 2) Wal-Mart Supercenter and 3) Home Depot. A Sonic restaurant was operating on Coronado Place Lot 5, but in December 2008 was damaged by fire. The restaurant is currently being rebuilt and is scheduled to re-open by June 15, 2009. The table below identifies all tenants open for business or under construction within the three Transportation Development Districts.

Adams Farm Redevelopment Project Area Transportation Development Districts

Project Component	Space Sq. Ft.	Status
Adams Dairy TDD		
Target	132,498	U/C
Meiners Market	6,400	Open
Coronado Place Shopping Center		
Adams Dairy Bank - Small Shops	4,550	Open
AT&T - Small Shops	1,250	Open
Vintage Stock - Small Shops	3,700	Open
Panera Bread Co. - Small Shops	3,829	Open
National Tire & Battery - Out Parcel	7,964	Open
Panda Express - Out Parcel	2,741	Open
Taco Bell - Out Parcel	2,780	Open
Sonic - Out Parcel	1,728	U/C
Texas Roadhouse - Out Parcel	11,359	Open
Total Space Open for Business or Under Construction	178,799	
Wal-Mart TDD		
Wal-Mart Supercenter	171,000	Open
Home Depot TDD		
The Home Depot	119,227	Open
Grand Total Open for Business or Under Construction	469,026	

RETAIL MARKETABILITY ANALYSIS

This section of the report evaluates the market viability of developing the Adams Farm Redevelopment Project Area with a large-scale anchored shopping center.

Power Center Concept

The portion of the Adams Farm Redevelopment Project Area designed for the Adams Dairy Landing shopping center consists of 71.01 acres located at the southeast and southwest corners of Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri. Adams Dairy Landing is designed for a 555,835 square foot shopping center that by definition is a power center.

According to the Urban Land Institute power centers contain 250,000 to 600,000 square feet of building area anchored by at least one super anchor store of 100,000+ square feet of and at least four smaller category specific anchor tenants each having 20,000 to 25,000 square feet or more. Power centers also contain a small inventory of in-line shops that constitute no more than 10 to 15 percent of the center's total building area. The major anchor may be a discount department store, a warehouse club or a home improvement store. The junior anchor tenants typically have a narrow merchandising focus but a deep selection in specific merchandise lines, such as consumer electronics, off-price apparel, sporting goods, books, computer hardware and software, bulk foods, records and tapes or building materials and home improvement products. Power centers typically occupy a 25- to 60-acre parcel and are generally built adjacent to a super regional mall or freeway interchange that yields a larger trade area.

The size of a power center's trade area is influenced by such factors as its tenant mix; the number and size of the anchor stores; the size and location of the nearest "sister" unit of the anchor store(s); site accessibility; travel times; major geographic features (i.e. rivers, mountains, etc.) and physical barriers (i.e. major freeways); and the population density and demographic characteristics. Power centers typically maintain a primary trade area of a 5- to 7-mile radius.

Metropolitan Kansas City Retail Market Overview

Historic Market Trends

According to the *Kansas City Retail Report 2009* published by Lane4 Property Group, by year-end 2008 the Kansas City MSA maintained approximately 41.4 million square feet of retail space in shopping centers with a minimum of 50,000 square feet. The suburban sub-markets of Northern Johnson County, Kansas (7.93 million square feet), Southern Johnson County, Kansas (7.12 million) and Eastern Jackson County, Missouri (6.46 million square feet) possessed the largest inventories of shopping center space. Given the size of the Kansas City MSA (2.0 million residents), many national big-box retailers maintain a presence. National retailers operating stores in the Kansas City area are listed in the table below.

New retail chains recently entering Kansas City include Bass Pro Shops, Books-a-Million, Crate & Barrel, Bonefish Grill, Life Time Fitness, Pei Wei, Sephora, Lucky Strikes Lanes, Sports Authority, Staples and Von Maur. Retailers recently closing stores or vacating the Kansas City market include Kmart, Sharper Image, Comp USA, Circuit City and Steinmart. Linens & Things filed for Chapter 11 and has closed its five stores in the Kansas City area.

National Retailers Operating in the Kansas City MSA

Discount Department Stores

Kmart/Sears Grand
Target
Wal-Mart

Department Stores

Dillard's
J. C. Penney
Kohl's
Nordstroms
Sears
Macy's

Home Improvement

Home Depot
Lowe's

Warehouse Clubs

Costco
Sam's Club

Electronics

Best Buy

Office Supply

Office Depot
Office Max

Linens/Home Store

Bed, Bath & Beyond

Book Stores

Barnes & Noble
Borders
Book-a-Million

Pet Supplies

PetsMart
Petco

Auto Supply

Auto Zone
O'Reilly Auto Parts
Advanced Auto Parts

Sporting Goods

Dick's Sporting Goods
Bass Pro Shops
Cabela's

Hobby/Craft

Hobby Lobby
Michaels

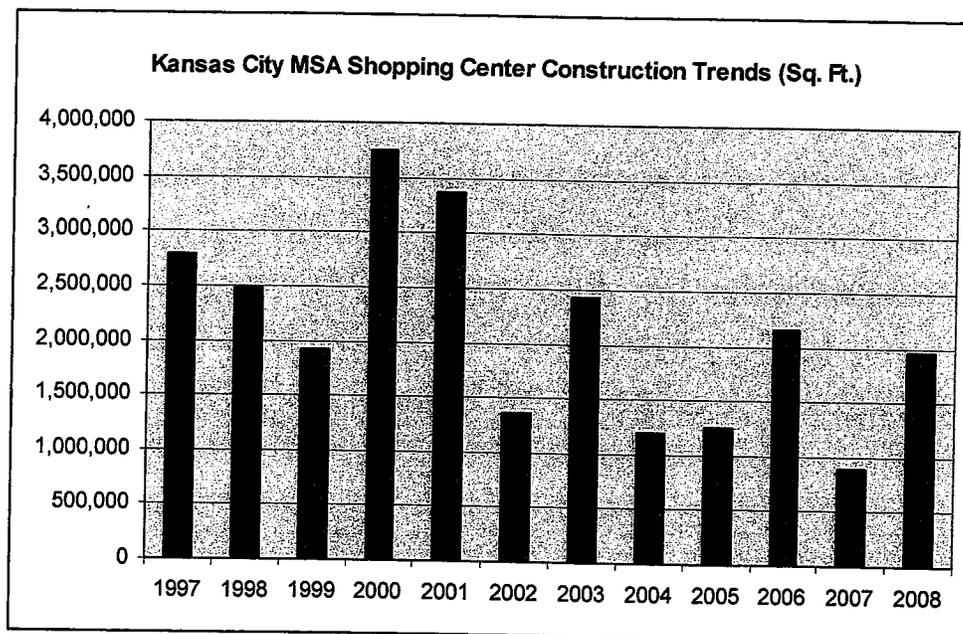
Clothing

Old Navy
Gap
The Limited
TJ Maxx
Stein Mart
Men's Warehouse

With the completion in 2008 of such upscale retail projects as the Kansas City Power & Light District in downtown Kansas City, Missouri and One Nineteen in Leawood, Kansas, several new restaurant chains opened in the Kansas City MSA, including Gordon Biersch Brewery & Restaurant, Maker's Mark, North and Sullivan's Steakhouse.

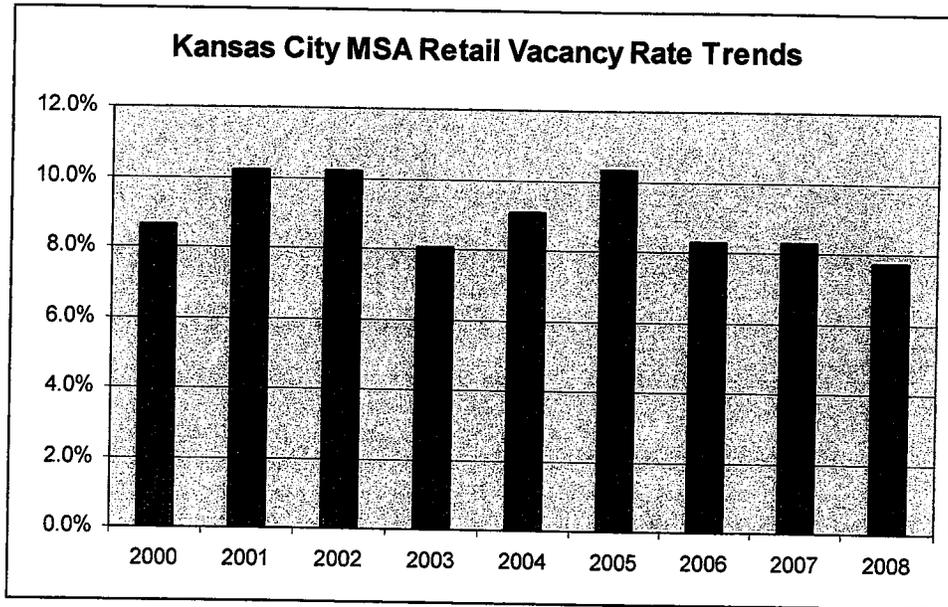
By 2008, the Kansas City MSA population reached nearly 2.0 million with a median household income of over \$52,000. These favorable demographics have fueled escalating retail sales volumes and aggressive shopping center development. For 2008, retail sales within the Kansas City MSA were reported at over \$25.2 billion, led by Jackson County, Missouri and Johnson County, Kansas. Leading sectors for retail sales included general merchandise, gasoline stations, food and beverage, eating and drinking places, and building materials.

From 1992 through 1999 approximately 19.3 million square feet of shopping center space was constructed in the Kansas City MSA. After peaking in 1995 at 4.57 million square feet of new space, retail construction gradually declined to a level of 1.92 million square feet in 1999. From 2000 to 2006 new construction rebounded with approximately 15.5 million square feet of space built as several national retailers both entered the market and expanded. New shopping center construction was particularly active within the growing suburban markets of Southern Johnson County, Kansas; the Northland region of Kansas City, Missouri; and Eastern Jackson County, Missouri. During 2007, new shopping center construction declined to approximately 885,000 square feet.



During 2008, eight shopping centers totaling approximately 2.0 million square feet were completed within the Kansas City MSA. Many of these new shopping centers were planned and under construction before the national economic recession hit in 2008. Major shopping centers completed included the 353,885 square foot Zona Rosa Phase 2, 620,437 square foot Tiffany Springs Marketplace and 155,000 square foot North Oak Village in the Northlands; 450,000 square foot Kansas City Power & Light District in downtown Kansas City, Missouri; and 160,000 square foot One Nineteen in Leawood, Kansas. During 2009, the national retail industry will continue to be adversely impacted by declining economic conditions marked by growing unemployment, declining housing and stock values, and increasingly conservative consumer spending. The net result will be a drop in the level of new retail construction in the Kansas City MSA. Many of the large national retailers are now exclusively focusing on new store expansions for 2010 and 2011.

From 2000 through 2007, continued new shopping center construction within the Kansas City MSA yielded overall vacancies above market equilibrium, ranging 8.04 to 10.29 percent. By year-end 2007, the Kansas City MSA vacancy rate for shopping center space was reported at 8.3 percent, down from a peak of 10.29 percent from two years earlier. The metro-wide vacancy rate improved to 7.7 percent by year-end 2008.



Seven regional malls operate within the Kansas City MSA, totaling 6.9 million square feet of retail space. Department store chains operating in Kansas City include Dillard's, J.C. Penney, Macy's, Nordstrom and Sears. In recent years, five first-ring suburban malls have closed and/or been redeveloped, including Blue Ridge Mall, Mission Center Mall, Metcalf South Mall, Indian Springs and Bannister Mall. On August 19, 2005, Blue Ridge Mall officially closed. The 61-acre mall site was razed and a 600,918 square foot power center referred to as Blue Ridge Crossing is being developed anchored by a 203,818 square foot Wal-Mart Supercenter. The Metcalf South Mall is being redeveloped into The Streets of Metcalf scheduled for completion in 2010. Mission Mall has been razed and a redevelopment plan for The Gateway includes a lifestyle center, hotel, office and an aquarium. Bannister Mall closed on May 30, 2007 with approved redevelopment plans for Three Trails consisting of over 2.83 square feet of mixed-use retail and office, 590 hotel rooms an 18,500-seat stadium for the Kansas City Wizards and twelve tournament-caliber soccer fields. Lane 4 Property Group is developing the \$1.0 billion project.

During 2008, the average shopping center lease rate for the Kansas City MSA amounted to \$12.69 per square foot triple-net. Rental rates for shop space within new neighborhood shopping centers generally ranged from \$18.00 to \$22.00 per square foot triple-net. Even older neighborhood shopping centers have reported rental rate escalations, now garnering \$12.00 to \$16.00 per square foot. High-end lifestyle centers rent for \$25.00 to \$35.00 per square foot. The Northeast Kansas City (\$17.49 per square foot), Southern Johnson County (\$16.59 per square foot) and Lee's Summit/Raymore/Belton (\$15.22 per square foot) sub-markets maintain the metropolitan area's highest shopping center lease rates.

Retail Sub-markets

The Lane4 Property Group's *Kansas City Retail Report 2009* divides the Kansas City MSA into nine sub-markets. Year-end 2008 shopping center market conditions by sub-market are outlined in the table below.

Kansas City MSA Shopping Center Market Operating Results by Sub-market; Year-end 2008

Sub-market	Space Sq. Ft.	Vacancy Rate	Average Lease Rate
Northwest Kansas City	2,944,039	5.7%	\$14.92
Northeast Kansas City	5,028,278	6.2%	\$17.49
Central Kansas City	2,084,511	5.6%	\$13.23
South Kansas City	4,199,596	11.3%	\$8.41
Lee's Summit/Raymore/Belton	2,781,122	4.8%	\$15.22
East Jackson County, Missouri	6,459,089	5.8%	\$9.77
North Johnson County, Kansas	7,933,822	7.8%	\$12.10
South Johnson County, Kansas	7,119,240	6.7%	\$16.59
Wyandotte County/Kansas City, KS	2,896,551	17.3%	\$11.44
	41,446,248	7.7%	\$12.69

The Central Kansas City sub-market includes such retail destinations as downtown Kansas City, Westport, Crown Plaza and Country Club Plaza. By year-end 2008 the Central Kansas City sub-market totaled 2.08 million square feet of shopping center space. Central Kansas City's retail vacancy rate has improved from 9.8 percent at year-end 2006 to 5.6 percent by year-end 2008. The Baltimore-based Cordish Company has completed the first phase of the Kansas City Power & Light District in downtown Kansas City, Missouri featuring 450,000 square feet of retail and entertainment space. The initial tenants opened during fall 2007 with the official grand opening in early March 2008. Howl at the Moon, McFadden's Sports Saloon, Ted's Montana Grill and Vivino were the first businesses to open. Tenants opening during the grand opening included AMC Theatres, Angel's Rock Bar, Bice Bistro, Bristol Seafood Grill, Chefburger, Chipotle Mexican Grill, Cosentino's Downtown Gourmet Market, Famous Dave's Barbecue, Flying Saucer Draught Emporium, GNC, Gordon Biersch Brewery & Restaurant, Jos. A. Bank, Latteland Espresso & Tea, Lucky Strike Lanes, Maker's Mark Bourbon House & Lounge, Mosaic Lounge, Peachtree Restaurant, Plaza Ford Ideal, Polished Nail Salon, Raglan Road, Rum Shack, Sprint Studio, Tengo Sed Cantina and The Fudgery.

Much of the recent new retail construction in the Kansas City MSA has concentrated within the outlying suburbs to capitalize on steady population and income growth. Emerging retail destinations include 135th Street in Overland Park, Kansas; State Route 58 in Belton, Missouri; Highway 152 in north Kansas City, Missouri and the intersection of Interstate 470 and U.S. 50 Highway in Lee's Summit, Missouri. A growing number of national big-box retailers have opened stores within these emerging retail hubs.

The Northland consists of the Northwest and Northeast Kansas City submarkets located north of the Missouri River. In recent years strong new home construction and population growth have fueled accelerated retail construction within the Northlands, reaching a year-end 2008 total inventory of 8.0 million square feet of shopping center space. The year-end 2008 vacancy rate of 6.0 percent is an improvement over the 7.3 percent reported two years earlier. Highway 152 serves as the primary growth corridor with retail hubs at Interstate 29, Interstate 35 and Highway 169. During 2004, Steiner + Associates opened Zona Rosa Phase 1 at Interstate 29 and Barry Road, a 485,119 square foot lifestyle center. During 2008 Phase 2 opened with a Dillards and 154,367 square feet of specialty shops. Tiffany Springs MarketCenter opened in 2008 across Interstate 29 from Zona Rosa anchored by JC Penney, Target, Home Depot and Best Buy. The opening in 2006 of Briarcliff Village added 137,067 square feet of destination retail and upscale dining. The intersection of Interstate 35 and MO 152 represents the Northland's newest retail destination with the recent completion of the 424,292 square foot Liberty Town Center anchored by Super Target, Kohl's, The Home Depot, Michaels, Office Depot, Petsmart, TJ Maxx, and Bed Bath & Beyond.

Boasting a median household income of nearly \$90,000 per year and steady population growth the South Johnson County, Kansas sub-market represents the Kansas City area's hottest retail location supporting the highest land values, lease rates and levels of new construction. The 119th Street corridor serves as the primary retail destination with new retail construction now focusing on the 135th Street corridor. By year-end 2008, the South Johnson County sub-market maintained 7.12 million square feet of shopping center space operating at a 6.7 percent vacancy rate.

The east Jackson County, Missouri communities of Independence and Blue Springs now account for 15.6 percent of the Kansas City area's total inventory of shopping center space, or 6.46 million square feet. The Independence Center hub at Interstates 70 and 470 represents eastern Jackson County's primary retail destination, supporting 2.9 million square feet of retail space. Independence Center is the second highest sales volume mall in the Kansas City MSA. By year-end 2008, the East Jackson County sub-market was operating at an average vacancy rate of 5.8 percent. A Bass Pro Shops store opened during 2007 within The Falls at Crackerneck Creek. Hobby Lobby and Mardel have announced plans to open stores adjacent to Bass Pro Shops. The former Blue Ridge Mall is being redeveloped as the Blue Ridge Crossing power center. During 2008, a 203,818 square foot Wal-Mart Supercenter, 22,567 square feet of shops and a 137,933 square foot Lowe's Home Improvement Center opened. At year-end 2008, RED Development was under construction on the 555,835 square foot Adams Dairy Landing shopping center located at the southeast and southwest corners of Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri. Adams Dairy Landing will be anchored by a 132,498 square foot Target and 145,848 square foot Lowe's Home Improvement Warehouse.

The Wyandotte County, Kansas retail sub-market occupies the western portion of the metropolitan Kansas City area. After years of stagnant new retail construction activity the Wyandotte County retail market has been reinvigorated by the development of the 400-acre Village West Tourism District at the intersection of Interstates 70 and 435. Village West is anchored by an 186,000 square foot Cabela's and a 712,000 square foot Nebraska Furniture Mart. In October 2005, RED Development opened the initial phase of The Legends at Village West, a 949,524 square foot lifestyle and entertainment center. The Village West Tourism District has changed the face of Wyandotte County's retail market by attracting several retailers and restaurants new to the Kansas City market. The Plaza at the Speedway anchored by a Wal-Mart Supercenter and Sam's Club is being constructed immediately north of Village West. By year-end 2008 the Wyandotte County

retail sub-market maintained 2.9 million square feet of shopping center space operating at a metro high average vacancy rate of 17.3 percent.

By year-end 2008, the Jackson County, Missouri communities of Lee's Summit, Raymore and Belton maintained 2.78 million square feet of shopping center space. In recent years strong population growth has fueled escalating retail development activity. Despite the large increase in retail space the year-end vacancy rate for Lee's Summit, Raymore and Belton operated at a healthy 4.8 percent at an average lease rate of \$15.22 per square foot. Macy's and JC Penney are under construction on stores within the Summit Fair lifestyle center in Lee's Summit.

Conclusions

Since 2000, a strong local economy marked by population growth and rising income levels fueled a growing and prosperous retail market. Kansas City's retail market has benefited from accelerated new retail construction activity and the entry of new retailers to the market. The construction boom has produced three significant retail development trends. First, growing income and tourism levels has contributed to the proliferation of new destination lifestyle and entertainment centers such as Zona Rosa, The Legends at Village West and the Kansas City Power & Light District. Second, to service a growing population new suburban retail construction has been led by power centers and big-box retailers. Third, the decline of first-ring malls has provided the opportunity for big-box retailers to penetrate mature urban markets. Malls in the process of being redeveloped include Blue Ridge Mall, Mission Center, Antioch Center, Metcalf South Mall and Bannister Mall.

During 2008, new retail construction in the Kansas City MSA spiked upward with the completion of several new shopping centers, including Zona Rosa Phase 2, Tiffany Springs MarketCenter, North Oak Village, Kansas City Power & Light District, The Falls at Crackerneck Creek and One Nineteen. During 2008, Sports Authority, Staples and Von Maur opened their first stores in Kansas City. New retail construction in Kansas City during 2009 is forecast to moderate due to the weakening national economy, declining local new home construction and the fact that most big-box retailers have executed expansion strategies in recent years. The Kansas City retail market is expected to stabilize in 2010 before supporting marginal gains in new construction and retail sales growth for 2011 with market conditions improving during 2012.

Competitive Retail Market Conditions

The Adams Farm Redevelopment Project Area is located in Blue Springs, Missouri. This section of the report identifies retail market conditions directly impacting the Adams Farm Redevelopment Project Area.

Eastern Jackson County Retail Market

The Adams Farm Redevelopment Project Area is located within the Interstate 70 corridor which has historically served as eastern Jackson County's principal retail destination.

According to the *Kansas City 2009 Retail Report*, published by Lane4 Property Group, by January 2009, the Eastern Jackson County sub-market maintained 6.5 million square feet of shopping center space, accounting for 15.6 percent of the metropolitan area's total inventory. The Independence Center hub located at the intersection of Interstate 70 and 291 Highway serves as eastern Jackson County's primary retail destination supporting approximately 2.9 million square feet of retail space. An estimated 375,000 square feet of shopping center space in eastern Jackson County was unoccupied by January 2009, translating into a healthy vacancy rate of 5.8 percent. By comparison, during the same time period the metropolitan Kansas City vacancy rate was reported at 7.7 percent. The average lease rate for the surveyed shopping centers in Eastern Jackson County is \$9.77 per square foot.

The intersection of US Highway 40 and Noland Road serves as a secondary retail hub for eastern Jackson County. After experiencing significant vacancies in recent years, this retail hub appears to be gaining strength with the recent construction of Hy-Vee, Best Buy and Babies "R" Us as well as the occupancy of a 93,606 square foot big-box space at Hawthorne 40 with Old Time Pottery. Other big-box retailers at this intersection include Gordman's, Cinema 6, Toys "R" Us, Mattress Warehouse, Petco, Hobby Lobby, Dollar General, and Dollar Tree.

An emerging retail destination in eastern Jackson County is Blue Ridge Crossing located on the former site of Blue Ridge Mall at the intersection of Interstate 70 and US Highway 40 in Kansas City, Missouri. Blue Ridge Crossing is divided by Sterling Avenue with Phase 1 now actively developing to the east and Phase 2 planned to the west. Phase 1 totaling 41.38 acres east of Sterling Avenue is now occupied by a 203,818 square foot Wal-Mart Supercenter opening on January 19, 2007; 22,567 square feet of small shops completed in April 2007; and a 5,400 square foot Applebee's restaurant that opened on December 17, 2007. A 137,933 square foot Lowe's Home Improvement Warehouse (excludes 31,179 square foot garden center) opened in December 2008.

The Independence Center retail hub located approximately 7.0 miles to the west serves as the principal competitor to the Adams Farm Redevelopment Project. The Independence Center retail hub now maintains the largest concentration of shopping center space in eastern Jackson County with the 2.9 million square feet of space accounting for nearly one-third of the total inventory. Recent construction has included a 148,000 square foot Costco; 136,000 square foot Lowe's Home Improvement Center; the 111,500 square foot Bolger Square West and 223,000 square foot within Pavilions Shopping Center. An 180,000 square foot Bass Pro Shops opened on February 21, 2008. In total, over 1.2 million square feet of shopping center space has been built surrounding Independence Center over the past seven years.

Big-box retailers dominate the Independence Center area's retail base. The primary trade area for most big-box retailers encompasses a 3- to 5-mile radius. The table below provides a list of discount department store, warehouse club, home improvement and other big-box retailers operating within the Independence Center retail hub. Recent retailer closings include Ultimate Electronics, Steinmart, Linens 'N Things and Bassett Furniture.

The Independence Center retail hub houses the largest concentration of big-box retailers in eastern Jackson County. Because of the large retail trade area supported by big-box retailers the Independence Center retail hub draws shoppers from outside of the City of Independence. However, in recent years new "sister stores" in the neighboring communities of Lee's Summit and Blue Springs have eroded the retail trade area for the Independence Center retail hub.

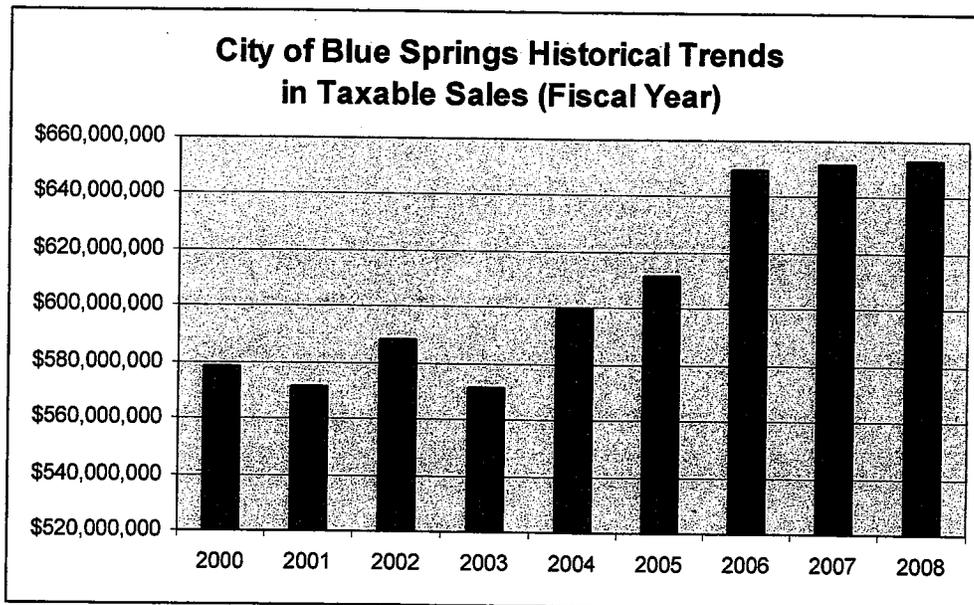
Independence Center Retail Hub Big-Box Retailers

Discount Department Store	
Target Greatland	NEC 39th Street & Crackerneck Road
Wal-Mart	SWC 39th Street & MO 291
Kohl's	NEC 39th Street & Arrowhead Avenue
Warehouse Club Stores	
Costco	NEC I-470 & Hwy 40
Sam's Club	SWC 39th Street & MO 291
Home Improvement	
Lowe's Home Improvement Warehouse	NEC I-470 & Hwy 40
Home Electronics	
Best Buy	NEC 39th Street & Arrowhead Avenue
Circuit City (scheduled to close)	SEC 39th Street & MO 291
Movie Theatre	
AMC 20 Theatres	NEC 39th Street & Arrowhead Avenue
Clothing & Accessories	
Dress Barn	NWC Jackson Drive & Little Blue Parkway
Marshalls	NEC 39th Street & Arrowhead Avenue
Housewares & Linens	
Bed Bath & Beyond	NEC 39th Street & Arrowhead Avenue
Other Big-Box Retailers	
Barnes & Noble	NEC 39th Street & Arrowhead Avenue
Dick's Sporting Goods	NWC 39th Street & Crackerneck Road
Office Max	NEC 39th Street & Arrowhead Avenue
JC Penney	NEC 39th Street & Crackerneck Road
Petsmart	SWC 39th Street & MO 291

Crackerneck Creek, LLC is developing Crackerneck Creek located on 90.4 acres at the northwest corner of Interstate 470 and Highway 40. The development plan calls an 180,000 square foot Bass Pro Shops Outdoor World store and boat display area, an 18-acre lake, a hotel, and three adjacent retail areas designed for 537,000 square feet of retail space. The three retail areas are planned for big-box retailers, inline shops and out parcels. Tax Increment Financing (TIF) is being used to implement development of Crackerneck Creek. An 82.6-acre city park and open space area will be located adjacent to Crackerneck Creek, planned for a 14-acre lake for fishing, an extensive walking trail system, wetland and prairie restoration areas, a 60-foot waterfall, interpretive areas, and outdoor demonstration and meeting areas. Mass grading and infrastructure construction was completed in late 2007, and the Bass Pro Shops store opened on February 21, 2008.

Blue Springs Retail Sales Trends

As reported by the City of Blue Springs, from fiscal years 2000 to 2008 taxable retail sales increased by 12.9 percent, reaching \$652.8 million by fiscal year 2008. During this 9-year time period annual gains in retail sales volumes ranged from a low of -2.78 percent in fiscal year 2003 to a high of 6.23 percent in fiscal year 2006, averaging 1.57 percent per year. Taxable sales declined during fiscal years 2001 and 2003. With the opening in 2005 of a Home Depot and Wal-Mart Supercenter total retail sales have spiked over the past three years.



Blue Springs Trends in Commercial Construction

According to the City of Blue Springs, from 1998 to 2007 a reported 183 building permits were issued totaling approximately \$123.9 million in new retail construction. The construction of Home Depot, Wal-Mart Supercenter and Coronado Place produced a spike in new commercial permitting since 2004. New commercial construction peaked in fiscal year 2007 with 17 permits valued at over \$171.4 million.

Trends in New Retail Construction City of Blue Springs, Missouri

Fiscal Year	# of Permits	Estimated Value
1998	22	\$16,291,717
1999	18	\$25,251,946
2000	21	\$9,899,061
2001	14	\$12,523,976
2002	6	\$3,294,154
2003	17	\$9,064,154
2004	13	\$14,241,850
2005	13	\$7,992,000
2006	42	\$5,041,250
2007	17	\$20,319,729
Totals	183	\$123,919,837
Annual Average	18.3	\$12,391,984

Source: City of Blue Springs.

Retail Sales Opportunity Gap Analysis

Adams Dairy Landing is designed as a power center supporting a 5-mile radius primary trade area. The *RMP Opportunity Gap – Retail Stores Report 2008* published by Claritas, Inc. attempts to identify opportunities for additional retail store types in the primary trade area. The report data is derived from two major sources. The demand data is derived from the Consumer Expenditure Survey published by the U.S. Bureau of Labor Statistics while the supply data is provided by the Census of Retail trade. The difference between demand and supply represents the opportunity gap or surplus available for each retail category in the specified reporting geography. When the demand is greater than the supply there is an opportunity gap for that retail category. A positive value signifies an opportunity gap, while a negative value signifies a surplus.

Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that the 5-mile radius primary trade area is under retailled. Exclusive of automobile sales, total retail sales for the primary trade area are estimated at approximately \$710.2 million in 2008. Supportable retail sales are forecast at \$1.07 billion, translating into retail sales leakage for the year estimated at \$364.6 million.

The Adams Farm Redevelopment Project Area will be occupied by Target, Lowe's, several junior anchors, small shops and out parcels. As illustrated by the table below, retail categories most under-supplied within the primary trade area include warehouse clubs; clothing and accessories; building materials, lawn and garden stores; supermarkets; home electronics and appliances; and furniture and home furnishings. These retail deficiencies offer the potential to support retail development the scale of that which is proposed within the Adams Farm Redevelopment Project Area. In particular, the significant retail sales leakage for clothing and accessories, home electronics, home furnishings and building materials will greatly enhance the market acceptance and retail sales volumes for Target and Lowe's.

Primary Trade Area Retail Sales Gap by Retail Category; 2008

Retail Categories	Demand - Supportable Consumer Expenditures	Supply - Estimated Retail Sales	Opportunity Gap / (Surplus)
Total Primary Trade Area	\$1,074,855,188	\$710,233,106	\$364,622,082
Warehouse Clubs	\$70,842,053	\$0	\$70,842,053
Clothing and Accessories	\$63,899,768	\$10,152,439	\$53,747,329
Building Materials and Garden Stores	\$157,258,859	\$110,559,917	\$46,698,942
Supermarkets	\$131,065,118	\$98,400,292	\$32,664,826
Home Electronics and Appliances	\$31,591,705	\$11,180,024	\$20,411,681
Furniture and Home Furnishings	\$34,733,544	\$18,455,048	\$16,278,496
Pharmacies and Drug Stores	\$53,502,064	\$40,216,604	\$13,285,460
Eating and Drinking Places	\$122,500,811	\$112,181,746	\$10,319,065
Sporting Goods Store	\$9,489,105	\$2,465,118	\$7,023,987
Books and Music Stores	\$7,814,482	\$1,670,383	\$6,144,099

Source: RMP Opportunity Gap - Retail Stores 2008; Claritas, Inc.

Blue Springs Retail Market

Route 7 represents Blue Springs principal retail corridor housing anchored shopping centers, strip centers and freestanding retailers. Major retailers operating stores along Route 7 include Big Lots, Beauty Brands, Deals, CVS Pharmacy, Dollar General, Hobby Lobby, Hy-Vee, Office Depot, Payless ShoeSource, Price Chopper, Walgreens and Westlake Ace Hardware.

The intersection of Interstate 70 and Adams Dairy Parkway is emerging as a new retail destination. In 2005, an 119,227 square foot Home Depot and 171,000 square foot Wal-Mart Supercenter opened. The Wal-Mart relocated and expanded from an existing 110,000 square foot store at the southeast corner of Route 7 and Highway 40. The former Wal-Mart store has been redeveloped and is now occupied by Deals and Goodwill with 46,000 square feet of space still available. Coronado Place has also been constructed at the intersection of Interstate 70 and Adams Dairy Parkway, consisting of 27,675 square feet of small shops and five out parcels occupied by National Tire & Battery, Taco Bell, Sonic, Texas Roadhouse and Panda Express. Survey of Blue Springs identified 15 freestanding big-box retailers and shopping centers totaling nearly 1.3 million square feet of space.

Blue Springs Shopping Centers

Center Name	Location	Space Sq. Ft.	Classification
Home Depot	905 Adams Dairy Parkway	119,227	Freestanding Big-Box
Wal-Mart	600 NE Coronado Drive	171,000	Freestanding Big-Box
Hy-Vee Center	NEC Rt 7 & Hwy 40	162,766	Community
Mall at Fall Creek	1901 N. Route 7	175,000	Community
White Oak Plaza	1132 SW Luttrell	190,000	Community
Former Wal-Mart	US 40 & Rt 7	110,000	Community
Kings Ridge	I-70 & Woods Chapel Road	52,518	Neighborhood
South Seven Plaza	1501-1715 S. Route 7	52,500	Neighborhood
Southridge	Rt 7 & Meadowridge Drive	55,968	Strip
Sunset Plaza	US 40 & Rt 7	46,000	Strip
I-70 Shopping Center	700 N. Rt 7	28,734	Strip
Coronado Place	I-70 & Coronado Place	27,675	Strip
Stop & Shop Center	1600 W. Highway 40	23,000	Strip
Mock Plaza	I-70 & Rt 7	23,511	Strip
Plaza Center Palace	2400 S. Rt 7	20,000	Strip
Total Space		1,257,899	

Despite the recent new retail construction activity Blue Springs remains under retailled. This is common among outlying suburbs with residents forced to drive outside of the community for much of their retail goods and services until such time as the population can support a larger retail market. With 73,750 people residing within a 5-mile radius of the intersection of Interstate 70 and Adams Dairy Parkway, Blue Springs is now gaining the interest of a growing number of major retailer chains.

Forecast Retail Space Demand

A *Retail Marketability Analysis* is designed to quantify a particular trade area's potential to increase its inventory of occupied shop space over a specified period of time. Retail space demand from 2008 to 2013 is forecast for the 5-mile radius primary trade area to provide an understanding of future competitive market conditions impacting the Adams Farm Redevelopment Project Area.

Supportable retail sales are a function of consumer population and income levels. Claritas, Inc. estimates the primary trade area's current population at 73,750 residents and per capita income of \$27,983, yielding total personal income of approximately \$2.06 billion. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that the 5-mile radius primary trade area is under retailled. Exclusive of automobile sales, total retail sales are estimated at approximately \$710.2 million in 2008. Supportable retail sales are forecast at \$1.07 billion, translating into retail sales leakage for the year estimated at \$364.6 million. Based on *Dollars & Cents of Shopping Centers 2008*, at the median retail sales rate for Midwest open-air shopping centers of \$253 per square foot the estimated retail leakage of \$364.6 million within the primary trade area is sufficient to support approximately 1.44 million square feet of additional retail space.

According to the *Missouri Retail Trade Analysis 2000-2007* published by the Missouri Department of Economic Development, the retail pull factor for Jackson County was 1.23 during 2004. Findings of the Claritas, Inc. study suggest the primary trade area's retail pull factor, exclusive of automobile sales, is estimated at 0.66. Retail leakage among peripheral suburbs is common until the local retail industry expands to meet the growing demand.

Claritas, Inc. forecasts the current per capita income level for the primary trade area of \$27,983 to escalate to \$30,891 by 2013. By the year 2013, the primary trade area is forecast to garner retail sales sufficient to support an additional 264,561 square feet of retail space. Total current pent-up demand and future demand through 2013 is forecast at 1.7 million square feet of retail space. Therefore, sufficient short-term retail space demand exists within the primary trade area to absorb the 554,967 square feet planned for Adams Dairy Landing.

Forecast Primary Trade Area Retail Space Demand; 2008 – 2013

Retail Sales Formula	2008	Growth 2008 - 2013
Resident Population	73,750	6,827
Per Capita Income	\$27,983	\$30,891
Total Personal Income	\$2,063,746,250	\$210,892,857
Supportable Trade Area Retail Sales – Claritas, Inc.	\$1,074,855,188	\$73,812,500
Less: Estimated 2008 Trade Area Retail Sales – Claritas, Inc.	-\$710,233,106	
Potential Capture of Additional Retail Sales	\$364,622,082	\$73,812,500
Average Retail Sales Per Square Foot	\$253	\$279
Supportable Additional Retail Space (Sq. Ft.)	1,441,194	264,561

Source: Canyon Research Southwest, Inc.

Shopping Center Site Evaluation

The Adams Dairy Landing component of the Adams Farm Redevelopment Project Area is planned for a 555,835 square foot shopping center. The 72-acre parcel was evaluated for its ability to support shopping center development based on the following site specific criteria: visibility; accessibility; traffic volumes; parcel size requirements; trade area demographics; and level of direct competition.

Visibility

Visibility and exposure have a significant influence on a shopping center's and retail business' achievable retail sales volumes. All shopping center types and freestanding retailers should possess major arterial frontage. National and regional big-box retailer, restaurant, convenience store and bank chains also require major arterial frontage. Large format shopping centers also prefer freeway and/or highway visibility. The Adams Farm Redevelopment Project Area offers visibility via both Interstate 70 and the major arterial street of Adams Dairy Parkway. This excellent exposure is suitable for attracting big-box retailers and out parcels necessary to support power center development.

Accessibility

The larger the shopping center format the larger the serviced trade area. Regional, local and on-site accessibility is critical for successful power center development. Regional access to the Adams Farm Redevelopment Project Area is provided via Interstate 70. Local access is provided via Highway 40, Route 7, Coronado Drive and RD Mize Road. On-site access is available via Adams Dairy Parkway, Coronado Drive and RD Mize Road. Traffic signals along Adams Dairy Parkway exist at Coronado Drive and RD Mize Road.

To conclude, the Adams Farm Redevelopment Project Area possesses suitable regional, local and on-site vehicular accessibility to accommodate development of a power center.

Traffic Counts

The vehicular traffic counts on arterial streets that flow past the site are important when evaluating a potential shopping center site. According to the Missouri Department of Transportation average daily traffic volumes on Interstate 70 past the Adams Farm Redevelopment Project Area were reported at 54,121 vehicles in 2007, providing retailers with excellent exposure.

Parcel Size and Dimensions

Prospective retail development formats for the Adams Farm Redevelopment Project Area include big-box retailers, strip center, power center and out parcels designed for restaurants, bank branches, convenience store and shop space. Suitable sites typically range in size from 1 to 3 acres for strip centers and 25 to 80 acres for neighborhood centers. Freestanding junior anchors of less than 25,000 square feet generally require approximately 3.0 acres while major anchors of 50,000 to 200,000 square feet require 5 to 25 acres. Each retail development format also

requires a rectangular shape and an orientation towards the most prominent adjacent arterial. Out parcels capable of accommodating restaurant, convenience store and bank branch uses generally occupy 1.0+ acres.

Site Requirements by Shopping Center Format

Center Type	Building Area Sq. Ft.	Land Area Acres	Anchor Ratio*	Primary Trade Area**
Strip Center	5,000 – 25,000	1 – 3	0%	1-2 miles
Neighborhood Center	30,000 – 100,000	5 – 12	30-50%	2-3 miles
Community Center	100,000 – 350,000	10 – 40	40-60%	3-6 miles
Super Community	250,000 – 500,000	25 – 50	50-70%	5-7 miles
Power Center	250,000 – 600,000	25 – 80	75-90%	5-10 miles
Lifestyle Center	300,000-700,000	30 – 80	75-90%	5-10 miles
Notes: * Denotes the share of a center's total space occupied by anchor tenants.				
** The area from which 60 – 80% of the center's sales originate.				
Source: International Council of Shopping Centers.				

Optimal power center sites generally range in size from 25 to 80 acres, possess a rectangular shape and an orientation towards the most prominent adjacent arterial. The Adams Farm Redevelopment Project Area possesses sufficient site characteristics to accommodate power center development, including 72 acres, a rectangular shape and Interstate 70 orientation.

Trade Area Demographics

The 5-mile radius primary trade area supports a current population of 73,750 residents and an average household income of \$76,031. The large and growing adolescent population is sufficient for supporting the sales of apparel and accessories; groceries; sporting goods; music; home electronics; eating and drinking places; and general merchandise. The large population ages 25 to 44 are in their principal consumer years, favors hardware; furniture and home furnishings; home electronics; department stores; and eating and drinking places. The growing senior population generates demand for medical goods and services. The large number of households earning \$25,000 to \$49,999 per year is attractive to value-oriented retailers while the large number of households earning \$50,000 to \$149,999 per year generates demand for dining, entertainment and lifestyle retail. These consumption patterns and demographic characteristics bode well for primary trade area's potential to support a more diverse retail market as well as the ability of the Adams Farm Redevelopment Project Area to support value-oriented major and junior anchors, restaurants and lifestyle retailers. Consult the table on page 19 for primary trade area demographics.

Primary Trade Area Demographic Trends

Demographic Characteristic	2000 Census	2008 Estimate	2013 Projection
Total Population	60,480	73,750	80,577
Households	21,780	27,076	29,887
Population by Age			
0-9	9,362	11,530	12,782
10-17	8,288	9,105	9,517
18-24	5,144	6,685	7,697
25-34	8,961	9,265	9,688
35-44	10,367	10,741	10,100
45-54	9,060	11,667	12,163
55-64	4,799	8,435	10,211
65+	4,500	6,323	8,418
Median Age	33.31	35.27	35.60
Average Age	33.59	35.15	35.99
Household Income			
Less than \$15,000	6.16%	4.88%	4.44%
\$15,000 - \$24,999	7.95%	6.26%	5.47%
\$25,000 - \$34,999	11.46%	8.59%	7.42%
\$35,000 - \$49,999	17.81%	15.49%	14.12%
\$50,000 - \$74,999	26.36%	24.45%	23.16%
\$75,000 - \$99,999	15.85%	17.91%	17.66%
\$100,000 - \$149,999	10.13%	16.65%	19.56%
\$150,000 - \$249,999	3.38%	4.38%	6.25%
\$250,000 - \$499,999	0.72%	1.05%	1.42%
\$500,000+	0.17%	0.35%	0.50%
Average Household Income	\$64,835	\$76,031	\$83,113
Median Household Income	\$56,278	\$65,119	\$70,017
Per Capita Income	\$23,551	\$27,983	\$30,891

Source: Claritas, Inc.

Competition

Power centers are occupied predominately by big-box retailers that operate a 5-mile radius primary trade area. Target and Lowe's will anchor the Adams Farm Redevelopment Project Area. Both Wal-Mart Supercenter and Home Depot operate nearby stores. Both Target and Wal-Mart commonly locate in close proximity as do Lowe's and Home Depot. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that the 5-mile radius primary trade area can support additional annual sales of \$46.7 million in building materials and garden supplies, \$53.7 million in clothing and accessories, \$20.4 million in home electronics and \$16.3 million in furniture and home furnishings. These retail gap opportunities bode well for supporting the Target and Lowe's stores.

The Adams Farm Redevelopment Project Area is also designed for several junior anchors. Junior anchors operating within a 5-mile radius are limited to Big Lots, Dollar General, Westlake Ace Hardware, Hobby Lobby, Office Depot and Payless ShoeSource. This limited direct competition provides the opportunity for the Adams Farm Redevelopment Project Area to attract several junior anchors to accompany Target and Lowe's.

Independence Center is situated nearly seven miles west of Adams Farm Redevelopment Project Area, allowing the opportunity to accommodate sister stores. For example, both Target and Lowe's also operate a store within the Independence Center retail hub. Examples of junior anchors operating stores at Independence Center but not in Blue Springs include Kohl's, Best Buy, Barnes & Noble, Bed Bath & Beyond, Dress Barn, Office Max and PetSmart.

Major sit-down restaurant chains operating stores in Blue Springs are limited to Applebee's, Culver's, Denny's, Einstein Brothers, 54th Street Bar & Grill, Golden Corral and Winstead's. Fast food restaurants include Arby's, Dairy Queen, KFC, Long John Silvers, McDonalds, Sonic, Taco Bell and Wendy's. Restaurants operating within the Adams Farm Redevelopment Project Area include Panda Express, Sonic, Taco Bell, Panera Bread and Texas Roadhouse. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that the 5-mile radius primary trade area can support additional eating and drinking sales of \$10.3 million per year.

Based on competitive market conditions the Adams Farm Redevelopment Project Area will be able to support both Target and Lowe's Home Improvement Warehouse. Other potential big-box retailer categories include home furnishings; clothing; home electronics; books and music; and sporting goods. The out parcels along Coronado Drive are suitable for restaurants.

Conclusions

Based on standard site evaluation criteria, it has been concluded that the Adams Farm Redevelopment Project Area is a feasible power center site, possessing the necessary parcel size and orientation, visibility, exposure, and accessibility. Favorable trade area demographics and moderate direct competition should greatly improve the ability to attract big-box retailers and support power center development. The commitment by both Target and Lowe's to anchor the center is testimony to the viability of the Adams Farm Redevelopment Project Area as a power center development site.

Conclusions

The Adams Farm Redevelopment Project Area is located within the Interstate 70 corridor in eastern Jackson County. This corridor has historically served as eastern Jackson County's principal retail destination. Independence Center with 2.9 million square feet of retail space serves as the primary retail hub. Since 1999, over 1.2 million square feet of retail space has been constructed within the Independence Center hub, further elevating its status as a major shopping destination.

The Adams Farm Redevelopment Project Area's primary trade area encompasses a 5-mile radius from the site. Pent-up retail space demand within the primary trade area is estimated at 1.44 million square feet. By the year 2013, the primary trade area is forecast to garner retail sales sufficient to support an additional 264,561 square feet of retail space. Therefore, sufficient short-term retail space demand exists within the primary trade area to absorb the 555,835 square feet of retail space planned for the Adams Farm Redevelopment Project Area.

Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that the 5-mile radius primary trade area is under-retailed, with retail sales leakage in 2008 estimated at \$364.6 million. Retail categories most under-supplied within the primary trade area include warehouse clubs and super stores; clothing and accessories; building materials, lawn and garden stores; supermarkets; home electronics and appliances; and furniture and home furnishings. These retail deficiencies offer the potential to support retail development the scale of that which is proposed within the Adams Farm Redevelopment Project Area.

The ability of the Adams Farm Redevelopment Project Area to support power center development is influenced by several factors. First, the property possesses the necessary parcel size and orientation, visibility, exposure, and accessibility. Second, the site benefits from favorable trade area demographics, moderate direct competition and commitments by Target and Lowe's. Third, the location at the confluence of Interstate 70 and Adams Dairy Parkway creates a larger trade area from which retailers can draw. Fourth, the closest concentration of national big-box retailers is located outside of the primary trade area adjacent to Independence Center. Lastly, Blue Springs is a growing suburban community that is vastly under-retailed. These market forces enhance the potential for the Adams Farm Redevelopment Project Area to attract big-box retailers and support power center development.

TIF REVENUE PROJECTIONS

The Adams Farm Redevelopment Project Area is being redeveloped using Tax Increment Financing (“TIF”) for public infrastructure improvements and private reimbursements of on-site infrastructure. This section of the report provides TIF revenue estimates through the statutory 23-year maturity of the adopted Adams Farm TIF Plan. TIF revenues are forecast for only 1) those tenants open for business or 2) under construction as of the date of this report.

As of the date of this report no retailers were open for business and only the 132,498 square foot Target store was under construction within the Adams Farm Redevelopment Project Area.

Methodology for Forecasting TIF Revenue

The Adams Farm Tax Increment Financing Plan was adopted in February 2007 by the City of Blue Springs pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Missouri Revised Statutes, Sections 99.800 through 99.865 (the “TIF Act”). The TIF Act enables municipalities to finance Redevelopment Project Costs with the revenue generated from Payments in Lieu Taxes (“PILOTS”) and, subject to annual appropriation, Economic Activity Taxes (“EATS”), resulting from increased economic activities within the Redevelopment Project Areas.

Reimbursable Project Costs associated with the Adams Farm Redevelopment Plan will be funded through use of Tax Increment Financing (“TIF”). The TIF Act defines the types of revenues that can be captured to pay for TIF-eligible costs. These revenues as they relate to the Adams Farm TIF Plan are:

- 100 percent of incremental real property taxes generated by the tax rates of all property tax jurisdictions within the Adams Farm Redevelopment Project Area (personal property taxes are excluded from capture for TIF) and
- 50 percent of incremental local economic activity taxes within the Adams Farm Redevelopment Project Area that in this case, consists of certain retail sales taxes levied by the City of Blue Springs and Jackson County.

The real property tax increments are defined in the TIF Act as “payments in lieu of taxes,” or PILOTS. Economic activity taxes are collectively abbreviated to EATS.

The incremental revenues from PILOTS and EATS are estimated by projecting the annual tax revenues from these sources and subtracting a certified base amount of revenues that were generated within the Redevelopment Area in the calendar year immediately prior to activation of the TIF ordinance for EATS and the current calendar year for PILOTS. The pre-TIF revenues continue to accrue to all jurisdictions as before; they are not subject to capture for TIF.

Real Estate Property Tax Revenues (“PILOTS”)

The Adams Farm TIF Plan makes available PILOTS for use to reimburse project costs on an as-collected basis or to retire bonds or other obligations that may be issued. The incremental increase in PILOTS is derived from real property tax collections directly attributable from the Redevelopment Project Area. The TIF revenues would apply to all taxing districts (i.e., county, school district, roads, etc.), unless an exception was made.

To calculate incremental property tax revenues, the taxes of the existing property prior to adoption or activation of the Adams Farm TIF Plan are subtracted from the value of the new development. More specifically, the TIF Act provides the initial equalized assessed valuation (base EAV) to be determined such that:

That portion of taxes, penalties, and interest levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment project shall be allocated to and, when collected, shall be paid by the county collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing.

R.S. Mo. 99.845, 1. (1)

Once the base EAV is determined by the County Assessor, any property taxes generated from an increase in the EAV are used in the repayment of eligible redevelopment costs, determined by:

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 area selected for the redevelopment project and any applicable penalty and interest over and above the initial equalized assessed value of each such unit of property in the area selected for the redevelopment project shall be allocated to and, when collected, shall be paid to the municipal treasurer who shall deposit such payment in lieu of taxes into a special fund called the “Special Allocation Fund” of the municipality for the purpose of paying redevelopment costs and obligations incurred in the payment thereof.

R.S. Mo. 99.845, 1. (2)

The incremental property tax revenues to be captured by the TIF Plan include all revenues generated by the future assessed value of the Redevelopment Project Area above the base year. The TIF Plan was activated on December 15, 2008. Therefore, the January 1, 2008 assessment was used as the base year. According to the Jackson County Assessor’s Office, the January 1, 2008 fair market value of Adams Farm Redevelopment Project which totals 61.5 acres is \$8,377,672, or \$3.13 per square foot. At an assessment ratio of 32 percent for commercial property the assessed value is \$2,680,855. The base year assessed valuations for each parcel within the Adams Farm Redevelopment Project Area are summarized in the table on page 24.

The Target store occupies 9.1 acres. At an average fair market value of \$3.13 per square foot and an assessment ratio of 32 percent, the Target store's pro-rata assessed value is estimated at \$397,030. Based on the 2008 TIF-eligible property tax rate of \$6.2605 per \$100 of assessed valuation the TIF-eligible base year property taxes used to calculate incremental PILOTS are estimated at \$24,856.

TIF-Eligible Base Year Property Tax Estimates Adams Farm Redevelopment Project Area

Parcel #	2008 Assessed Value	2008 TIF-Eligible Tax Rate*	TIF-Eligible Property Taxes
Project Area A			
36-500-03-20-03-0-00-000	\$25,444	\$0.062605	\$1,592.92
36-500-03-32-01-0-00-000	\$145,600	\$0.062605	\$9,115.29
36-500-03-36-00-0-00-000	\$388,416	\$0.062605	\$24,316.78
36-500-04-07-01-0-00-000	\$381,504	\$0.062605	\$23,884.06
36-500-04-10-00-0-00-000	\$502,336	\$0.062605	\$31,448.75
36-500-04-11-00-0-00-000	\$102,080	\$0.062605	\$6,390.72
36-500-04-12-00-0-00-000	\$51,840	\$0.062605	\$3,245.44
36-500-04-13-00-0-00-000	\$51,840	\$0.062605	\$3,245.44
36-500-04-14-00-0-00-000	\$53,760	\$0.062605	\$3,365.64
36-500-04-15-00-0-00-000	\$58,240	\$0.062605	\$3,646.12
36-500-04-16-02-0-00-000	\$65,280	\$0.062605	\$4,086.85
36-500-04-17-00-0-00-000	\$52,800	\$0.062605	\$3,305.54
36-500-04-18-00-0-00-000	\$52,480	\$0.062605	\$3,285.51
36-500-04-19-00-0-00-000	\$51,840	\$0.062605	\$3,245.44
36-500-04-20-00-0-00-000	\$50,880	\$0.062605	\$3,185.34
36-500-04-21-00-0-00-000	\$304,992	\$0.062605	\$19,094.02
36-500-04-25-01-0-00-000	\$332,640	\$0.062605	\$20,824.93
Totals	\$2,671,972		\$167,278.81
Project Area B			
36-500-04-04-00-0-00-000	\$753	\$0.062605	\$47.14
36-500-04-07-02-0-00-000	\$183	\$0.062605	\$11.46
36-500-04-23-01-0-00-000	\$406	\$0.062605	\$25.42
Totals	\$1,342		\$84.02
Project Area C			
36-500-03-11-00-0-00-000	\$1,146	\$0.062605	\$71.75
36-500-03-12-00-0-00-000	\$1,283	\$0.062605	\$80.32
36-500-03-13-00-0-00-000	\$1,092	\$0.062605	\$68.36
36-500-03-14-00-0-00-000	\$82	\$0.062605	\$5.13
36-500-03-15-00-0-00-000	\$3,657	\$0.062605	\$228.95
36-500-03-30-01-0-00-000	\$281	\$0.062605	\$17.59
Totals	\$7,541		\$472.10
Grand Totals	\$2,680,855	\$0.086107	\$167,834.93

Reassessment of real property in Missouri is conducted every two years, as of January 1st of odd-numbered years based on the true value of property at that time. Physical changes made to the property can be reflected on the tax rolls in even numbered years.

Property tax rates may be adjusted every year. Adjustments to the tax rate are made by each jurisdiction to ensure compliance with Missouri's constitution which limits the amount of increase in tax levies that may occur without voter approval. Tax rates must be set and certified to the county clerk by September 1st of each year for all local jurisdictions except counties, and by September 20th for counties. Because any future adjustments that may occur are unknown, the 2008 ad valorem property tax rates are used to forecast future property tax revenues. The TIF-eligible real property tax rates are identified in the table below.

**TIF Real Property Taxing Districts Rates; 2008
Adams Farm Redevelopment Project Area**

Taxing District	Tax Rate	TIF Captured	TIF-Ineligible
State of Missouri	\$0.0300	\$0.0000	\$0.0300
Jackson County	\$0.5430	\$0.5430	\$0.0000
Handicapped Workshop	\$0.0748	\$0.0748	\$0.0000
Mental Health	\$0.1218	\$0.1218	\$0.0000
Mid Continental Library	\$0.3214	\$0.3214	\$0.0000
Metro Junior College	\$0.2143	\$0.2143	\$0.0000
Blue Springs School District	\$5.5307	\$4.2863	\$1.2444
City of Blue Springs	\$0.6989	\$0.6989	\$0.0000
Fire District	\$1.1058	\$0.0000	\$1.1058
Total Tax Rate	\$8.6407	\$6.2605	\$2.3802

Source: Jackson County.

Through maturity of the Adams Farm TIF Plan the 2008 adjusted rate was used to estimate future property tax revenues. The 2008 ad valorem property tax rate levy is \$8.6407 per \$100 of assessed valuation. The school district's capital contribution equates to 22.5 percent of PILOTS. Furthermore, the State of Missouri Blind Persons Pension Fund of \$0.03 per \$100 of assessed valuation and Fire District of \$1.1058 per \$100 of assessed valuation are not subject to TIF capture. The Fire District provides emergency services pursuant to chapter 190 or 321, RSMo, and is entitled to reimbursement from the special allocation fund in accordance with the emergency services statute R.S. Mo. Section 99.847. Therefore, the current net effective TIF-eligible tax rate is \$6.2605 per \$100 of assessed valuation. This report did not calculate personal property tax collections as they are not TIF eligible.

Sales Tax Revenues (EATS)

The Act further provides that, in addition to the PILOTS,

... fifty percent of the total additional revenue from taxes, penalties, and interest which are imposed by the municipality and which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guest of the hotels and motels, taxes levied for the purpose of public transportation, licenses, fees, or special assessments other than payments in lieu of taxes and penalties and interest thereon, shall be allocated to, and paid by, the local political subdivision collecting officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate account within the special allocation fund. R.S. Mo. 99.845, 1. (3) 3.

Sales taxes levied by the City of Blue Springs and Jackson County are eligible for the retirement of TIF bonds. All sales of tangible personal property and services such as telephone and telegraph are taxable in the State of Missouri unless there is a specific exemption listed in *Section 144.030RSMo.*

The City of Blue Springs current retail sales tax rate is 1.5 percent, including 1.0 percent for the General Fund and 0.5 percent for Transportation. Voters approved a 0.5 percent Firefighters Sales Tax goes into effect on January 1, 2009. The Firefighters EATS are entitled to reimbursement in accordance with the emergency services statute R.S. Mo. Section 99.848. Therefore, the City of Blue Springs TIF-eligible sales tax rate is 1.5 percent.

The Jackson County sales tax rate of 1.125 percent includes 0.5 percent for the General Fund, 0.375 percent for Capital Improvements and 0.25 percent for the Drug Task Force. The Drug Task Force sales tax sunsets on March 31, 2011, and though it has been renewed by voters for additional seven year terms in 1996 and 2003, for the purpose of this report will expire on March 31, 2011. The 0.375 percent Capital Improvements levy is not eligible for TIF capture. Therefore, the Jackson County TIF-eligible sales tax rate of 0.75 percent declines to 0.50 percent on March 31, 2011. All sales of tangible personal property and services such as telephone and telegraph are taxable in the State of Missouri unless there is a specific exemption listed in *Section 144.030RSMo.*

As summarized by the table on page 27, the TIF-eligible combined City and County sales tax rate for the Adams Farm TIF Plan is 2.25 percent. The incremental EATS generated by the Adams Farm Redevelopment Project Area for use in retirement of TIF bond obligations is determined by subtracting the base level of retail sales taxes from the new level of taxation generated by the project. The Adams Farm TIF Plan was activated on December 15, 2008. For the purpose of this report the base year for the Adams Farm TIF Plan is the calendar year ending December 31, 2007. Redevelopment Project Area is vacant land; therefore, the base year retail sales used for calculating incremental EATS were estimated at \$0.

TIF-Eligible Sales Tax Rates: Adams Farm TIF Plan

Taxing Jurisdiction	Tax Food	Rate Non-Food	TIF Eligible
State of Missouri			
General	0.000%	3.000%	0.000%
School Proposition C	1.000%	1.000%	0.000%
Parks and Soil Conservation	0.100%	0.100%	0.000%
Conservation Commission	0.125%	0.125%	0.000%
Total State Tax Rate	1.225%	4.225%	0.000%
Jackson County			
General	0.500%	0.500%	0.500%
Capital Improvements	0.375%	0.375%	0.000%
Drug Enforcement (Expires March 31, 2011)	0.250%	0.250%	0.250%
Total County Tax Rate	1.125%	1.125%	0.750%
City of Blue Springs			
General Fund	1.000%	1.000%	1.000%
Transportation	0.500%	0.500%	0.500%
Firefighters Sales Tax (Commences 1-1-2009)	0.500%	0.500%	0.000%
Total City Tax Rate	2.000%	2.000%	1.500%
Total Tax Rate	4.350%	7.350%	2.250%

Source: Missouri Department of Revenue.

Timing of Revenue Flows

The TIF Act authorizes the capture of TIF revenues for a period of 23 years from the date of the ordinance adopting or activating the TIF Plan. The City of Blue Springs adopted the TIF Plan governing redevelopment of the Adams Farm Redevelopment Project Area on February 20, 2007. The Adams Farm TIF Plan was activated on December 15, 2008. Therefore, TIF revenues were forecast for the 23-year period from December 15, 2008 through December 14, 2031.

This report forecasts TIF revenues for 1) those tenants built and open for business or 2) businesses under construction. As of the date of this report no tenants were open for business within the Adams Farm Redevelopment Project Area with active construction limited to a 132,498 square foot Target store. According to a letter dated April 14, 2009 by James L. Tucker the Regional Real Estate Manager for Target, the Target store now under construction within the Adams Farm Redevelopment Project Area is scheduled to open by October 11, 2009.

Three Transportation Development Districts are also incorporated into the revenue projections, including: 1) Adams Dairy Landing, Coronado Place Shopping Center and Meiners Market, 2) Wal-Mart Supercenter and 3) Home Depot. The Coronado Place Shopping Center consists of 27,675 square feet of small shops and five out parcels occupied by National Tire & Battery, Taco Bell, Sonic, Texas Roadhouse and Panda Express. Panda Express is the most recent addition opening in December 2008. The small shop space is currently 48.2 percent occupied by Adams Dairy Bank (4,550 square feet); AT&T (1,250 square feet); Vintage Stock (3,700 square feet) and Panera Bread Company (3,829 square feet). The Panera Bread Company opened on March 28, 2009.

There are lag periods for the receipt of PILOTS and EATS by a taxing district. In Missouri, real property taxes are due and payable by December 31st of each year with the bulk of PILOTS received by the taxing district in January of the following year. In addition, there is typically a 2-month lag for the receipt of EATS by a taxing district. The TIF revenue projections presented in this report attempt to indicate when the funds will be deposited into the Special Allocation Fund.

Forecast TIF Revenues

Based on the assumptions discussed in the prior section of the report, PILOTS and EATS are forecast for Adams Farm Redevelopment Project Area throughout the statutory 23-year life of the TIF Plan. The future TIF revenues are presented for both when the tax liability is incurred and when the funds are available for deposit into the Special Allocation Fund.

Real Estate Property Taxes (“PILOTS”)

PILOTS generated within the Adams Farm Redevelopment Project Area were estimated based on the incremental increase in real property taxes upon completion of the with the 132,498 square foot Target store now under construction. The estimated pro-rata 2008 base year real property taxes for the 9.1-acre Target store site located within the Adams Farm Redevelopment Project Area as reported by Jackson County are \$24,856.

On January 1, 2009 the Target store was under going site work, but for the purpose of assessment remained vacant. According to the Jackson County Assessor, despite the recent decline in residential property values, for the 2009 re-assessment year on average no value reductions are anticipated for commercial property. While site improvements were partially completed, for the purpose of this report the January 1, 2009 assessed valuation will remain at \$397,030.

The 132,498 square foot Target store now under construction within the Adams Farm Redevelopment Project Area is scheduled for completion by October 2009 and will be re-assessed by the Jackson County Assessor as of January 1, 2010. The initial market value for the Target store accounts for new construction and was based on an interview with Jackson County Assessor office staff and actual January 1, 2008 appraised values of comparable properties.

The Jackson County Assessor arrives at a real property's market value by estimating the replacement cost new, less depreciation. A property's market value is typically conservative, but attempts to mirror the actual true fair market value. A commercial property's assessed valuation is then calculated by multiplying the market value by an assessment ratio of 32 percent. According to Jackson County Assessor staff, the market values for discount department stores such as Target are generally valued at \$80 to \$85 per square foot. Jackson County Assessor office staff indicated that for the 2009 reassessment on average commercial values are expected to increase only slightly.

Actual market value comparables include existing Target stores operating in both Independence and Lee's Summit, Missouri. The January 1, 2008 market value for the 137,222 square foot Target store operating at 17810 East 39th Street in Independence was reported at \$9,988,144, or \$72.79 per square foot. Meanwhile, the January 1, 2008 market value for the 175,000 square foot Target store built in 2001 in Lee's Summit was reported at \$14.5 million, or \$82.86 per square foot.

Based on our analysis the January 1, 2010 appraised value for the 132,498 square foot Target store upon completion is estimated at \$80 per square foot, or approximately \$10.6 million. Applying the commercial assessment rate of 32 percent yields an assessed valuation of approximately \$3.39 million.

Real property in Jackson County is assessed on odd-numbered years. Future appreciation rates for the Target store and undeveloped land within the Adams Farm Redevelopment Project Area were estimated based on historical inflation rates and actual appreciation of similar real property. From 1989 through 2008 the Consumer Price Index (CPI) rose at an average annual rate of 3.0785 percent, translating into a bi-annual compounded rate of 6.25 percent. As illustrated by the table below, from 2004 to 2008 actual appraised valuations for comparable Target, Lowe's, Kohl's, big-box retailers and small shops in Jackson County increased at an average annual rate of 0.0 to 11.1 percent, averaging 4.1 percent per year and a bi-annual compounded rate of 8.37 percent. For the purpose of this report the assessed valuations for the Adams Farm Redevelopment Project Area were escalated at a conservative rate of 4.0 percent on odd-numbered years through maturity of the TIF Plan.

January 1, 2011 is a re-assessment year. For the purpose of this report the assessed values for Target store was appreciated at a rate of 2.0 percent, yielding a total assessed valuation estimated at nearly \$3.46 million for January 1, 2011. The January 1, 2012 assessed valuation will remain at approximately \$3.46 million.

Comparable Big-Box Stores and Out Parcels Historical Trends in Appraised Valuation

Store	Appraised Value					% Increase
	2004	2005	2006	2007	2008	
Target						
17810 E. 39th Street	\$8,841,473	\$9,150,925	\$9,150,925	\$9,988,144	\$9,988,144	12.97%
1850 NW Chipman Road	\$11,145,230	\$11,535,313	\$11,535,313	\$14,500,000	\$14,500,000	30.10%
Lowe's						
19000 Valley View Pkwy	\$9,040,000	\$9,040,000	\$9,040,000	\$9,040,000	\$9,040,000	0.00%
1830 NW Chipman Road	\$7,362,219	\$7,619,897	\$7,619,897	\$9,000,000	\$9,000,000	22.25%
Kohl's						
1820 NW Chipman Road	\$5,353,664	\$5,541,042	\$5,541,042	\$5,541,042	\$5,541,042	3.50%
Summitwoods Crossing						
Junior Anchors	\$18,225,000	\$18,862,875	\$18,862,875	\$23,380,000	\$23,380,000	28.29%

Source: Jackson County Assessor.

The table below summarizes assessed valuation estimates for the Target store now under construction within the Adams Farm Redevelopment Project Area from 2009 through 2012. Upon completion of the Target store the January 1, 2010 assessed value is forecast at approximately \$3.39 million. By January 1, 2012 the assessed valuation of the Target store is forecast to increase to approximately \$3.46 million.

**Adams Farm Redevelopment Project Area
Estimated Assessed Valuation; 2009-2012**

Project Component	Space Sq. Ft.	Value Per Sq. Ft.	Assessed Value			
			2009	2010	2011	2012
Target	132,498	\$80		\$3,391,949	\$3,459,788	\$3,459,788
Total Assessed Value			\$2,680,855	\$3,391,949	\$3,459,788	\$3,459,788

Source: Canyon Research Southwest, Inc.

As outlined in the table on page 32, from December 15, 2008 through December 14, 2031 the Target store now under construction within the Adams Farm Redevelopment Project Area is forecast to generate total gross PILOTS of \$5.19 million. The PILOTS account for a contribution to the Blue Springs School District equivalent to 22.5 percent of the district's tax levy rate. Jackson County levies a 1.0 percent collection fee and 0.6 percent assessment fee on all TIF funds while the City of Blue Springs levies a 0.5 percent collection fee on all TIF funds, reducing net PILOTS to approximately \$5.08 million. Of this total, an estimated \$4.79 million will be available for deposit in the Special Allocation Fund prior to maturity of the TIF Plan on December 14, 2031.

**Adams Farm Tax Increment Financing Plan
Forecast Incremental PILOTS for Target Store Now Under Construction**

Year	Base Year Property Taxes	Total New Assessed Value	TIF-Eligible Property Tax Rate	New Property Taxes	Gross PILOTS	County Fees 1.6%	City Fees 0.5%	Net PILOTS	Funds Available for Deposit
2008	\$24,856	\$397,030	\$0.062605	\$24,856	\$0	\$0	\$0	\$0	\$0
2009	\$24,856	\$397,030	\$0.062605	\$24,856	\$0	\$0	\$0	\$0	\$0
2010	\$24,856	\$3,391,949	\$0.062605	\$212,353	\$187,497	\$3,000	\$937	\$183,560	\$0
2011	\$24,856	\$3,459,788	\$0.062605	\$216,600	\$191,744	\$3,068	\$959	\$187,717	\$183,560
2012	\$24,856	\$3,459,788	\$0.062605	\$216,600	\$191,744	\$3,068	\$959	\$187,717	\$187,717
2013	\$24,856	\$3,598,179	\$0.062605	\$225,264	\$200,408	\$3,207	\$1,002	\$196,199	\$187,717
2014	\$24,856	\$3,598,179	\$0.062605	\$225,264	\$200,408	\$3,207	\$1,002	\$196,199	\$196,199
2015	\$24,856	\$3,742,107	\$0.062605	\$234,275	\$209,419	\$3,351	\$1,047	\$205,021	\$196,199
2016	\$24,856	\$3,742,107	\$0.062605	\$234,275	\$209,419	\$3,351	\$1,047	\$205,021	\$205,021
2017	\$24,856	\$3,891,791	\$0.062605	\$243,646	\$218,790	\$3,501	\$1,094	\$214,195	\$205,021
2018	\$24,856	\$3,891,791	\$0.062605	\$243,646	\$218,790	\$3,501	\$1,094	\$214,195	\$214,195
2019	\$24,856	\$4,047,463	\$0.062605	\$253,391	\$228,535	\$3,657	\$1,143	\$223,736	\$214,195
2020	\$24,856	\$4,047,463	\$0.062605	\$253,391	\$228,535	\$3,657	\$1,143	\$223,736	\$223,736
2021	\$24,856	\$4,209,361	\$0.062605	\$263,527	\$238,671	\$3,819	\$1,193	\$233,659	\$223,736
2022	\$24,856	\$4,209,361	\$0.062605	\$263,527	\$238,671	\$3,819	\$1,193	\$233,659	\$233,659
2023	\$24,856	\$4,377,736	\$0.062605	\$274,068	\$249,212	\$3,987	\$1,246	\$243,979	\$233,659
2024	\$24,856	\$4,377,736	\$0.062605	\$274,068	\$249,212	\$3,987	\$1,246	\$243,979	\$243,979
2025	\$24,856	\$4,552,845	\$0.062605	\$285,031	\$260,175	\$4,163	\$1,301	\$254,711	\$243,979
2026	\$24,856	\$4,552,845	\$0.062605	\$285,031	\$260,175	\$4,163	\$1,301	\$254,711	\$254,711
2027	\$24,856	\$4,734,959	\$0.062605	\$296,432	\$271,576	\$4,345	\$1,358	\$265,873	\$254,711
2028	\$24,856	\$4,734,959	\$0.062605	\$296,432	\$271,576	\$4,345	\$1,358	\$265,873	\$265,873
2029	\$24,856	\$4,924,357	\$0.062605	\$308,289	\$283,433	\$4,535	\$1,417	\$277,481	\$265,873
2030	\$24,856	\$4,924,357	\$0.062605	\$308,289	\$283,433	\$4,535	\$1,417	\$277,481	\$277,481
2031	\$24,856	\$5,121,331	\$0.062605	\$320,621	\$295,765	\$4,732	\$1,479	\$289,554	\$277,481
PILOTS					\$5,187,188	\$82,995	\$25,936	\$5,078,257	\$4,788,703

Source: Canyon Research Southwest, Inc.; April 2009.

Economic Activity Taxes (“EATS”)

EATS will be realized from increased retail sales generated within the Adams Farm Redevelopment Project Area. The retail sales base is estimated at \$0. EATS available for deposit into the Special Allocation Fund are based on the incremental increase in retail sales volumes above this base. The combined City of Blue Springs and Jackson County sales tax levy of 2.25 percent is TIF-eligible.

Taxable retail sales volumes for the stores scheduled to open within the Adams Farm Redevelopment Project Area were estimated based on several sources, including: 1) *Dollars & Cents of Shopping Centers 2008* published by the Urban Land Institute; 2) data published by the International Council of Shopping Centers; 3) financial data published by Target; and 4) historical sales reported by the nearby Wal-Mart Supercenter, a direct competitor to Target.

A 132,498 square foot Target store is scheduled to open by October 11, 2009 within the Adams Farm Redevelopment Project Area. Target Corporation was incorporated in 1902 and as of January 31, 2009 operated 1,682 large-format general merchandise and food discount stores in the United States. Target operates nine stores in the Kansas City MSA. The closest Target store to the Adams Farm Redevelopment Project Area is located over seven miles to the west within the Independence Center retail hub. The company operates Target stores that offer a wide selection of general merchandise and a limited assortment of foods as well as SuperTarget stores with a full line of food and general merchandise items. During fiscal year 2008, consumables and commodities accounted for 37 percent of Target’s sales, followed by electronics, entertainment, sporting goods and toys at 22 percent, home furnishings and décor at 21 percent and apparel and accessories at 22 percent. Target’s sales are seasonal with the peak sales period traditionally occurring from Thanksgiving to the end of December.

During the 5-year period from 2003 to 2007 Target experienced strong growth, adding 444 net new stores, a 54 percent increase in annual gross sales, a 10.8 percent increase in average sales per square foot to \$318 per square foot and average same store sales increase of 4.6 percent annually.

Consistent with the nation’s retail sector, in 2008 Target was adversely impacted by the slowing economy. During fiscal year ended January 31, 2009, Target reported a 2.5 percent increase in gross sales to \$62.88 billion, a decline of 5.3 percent in average per square foot sales to \$301 per square foot and a decline in same store sales of 2.9 percent. These operating results fell short of company expectations.

In 2009, Target plans to further enhance the food offering in new and remodeled general merchandise stores by providing a deeper assortment of dry, dairy and frozen foods and adding an edited assortment of perishable items. The company also plans to reinvent and re-launch Target Brand and Target Home. Store expansion has been reduced for 2009 and 2010. Approximately 75 new stores are planned for construction in 2009 and a new store design will be introduced with upscale exterior finishes and interior enhancement such as wider aisles, more family fitting rooms, expanded food assortments, improved merchandise adjacencies and a new pharmacy location at the front of the store.

The typical Target customer has a median age of 41, median household income of \$58,000, 43 percent have children at home and 43 percent have completed college. The demographic characteristics of the population within a 5-mile radius of the Target store now under construction in the Adams Farm Redevelopment Project Area are consistent with Target's core shoppers. Over two-thirds of the households possess an average annual income of \$50,000 and greater. The presence of an existing Wal-Mart Supercenter at the same intersection is not anticipated to have much, if any, adverse impact sales of the Target store now under construction, though a ramp-up period to stabilized sales is expected. While both stores carry similar merchandise they generally attract different customers. Also, it is common for discount department stores such as Wal-Mart and Target to locate in close proximity, effectively increasing customer traffic and sales for both stores.

For the purpose of this report a 3-year ramp-up period to stabilized sales was utilized for the Target store now under construction within Adams Farm Redevelopment Project Area store with first-year sales estimated at \$248 per square foot. Accounting for historical season sales peaking during the Christmas holiday season, sales for the Adams Farm Redevelopment Project Area store are forecast at \$9.4 million from October 11, 2009 through December 31, 2009. Gross sales are forecast at \$32.9 million in 2010; \$33.9 million in 2011 and \$34.8 million for 2012. These sales forecasts exclude pharmaceutical sales which are not taxable in Missouri.

Forecast Annual Retail Sales through Stabilization Adams Farm Redevelopment Project Area

Business	Space Sq. Ft.	Sales Per Sq. Ft.	Forecast Sales			
			2009	2010	2011	2012
Target	132,498	\$248.00	\$9,400,000	\$32,859,504	\$33,919,488	\$34,846,974
Grand Total Sales			\$9,400,000	\$32,859,504	\$33,919,488	\$34,846,974

Source: Canyon Research Southwest, Inc.; April 2009.

From fiscal years 2003 through 2008 same store sales for Target ranged from -2.9 to 5.6 percent, averaging 3.37 percent per year. Stabilized sales for the Adams Farm Redevelopment Project Area store is expected by 2012, at which time the national retail industry is anticipated to be on better footing than today. Following stabilization retail sales for the Target store are forecast to increase at a conservative average annual rate of 1.5 percent through maturity of the TIF Plan.

As depicted by the table on page 35, from December 15, 2008 through maturity of the TIF Plan on December 14, 2031, the Target store now under construction within the Adams Farm Redevelopment Project Area is forecast to generate total EATS of approximately \$8.86 million. Retailers receive a 2.0 percent refund for timely retail sales deposits, the State of Missouri levies a 1.0 percent collection fee on all EATS and the City of Blue Springs levies a collection fee 0.5 percent, reducing net EATS to \$8.55 million. Of this total, accounting for a 2-month lag in sales tax receipts an estimated \$8.48 million will be available for deposit in the Special Allocation Fund prior to maturity of the TIF Plan on December 14, 2031.

Adams Farm TIF Plan – Forecast Incremental EATS on Retail Sales

Year	Base Year Sales	Forecast Incremental Retail Sales		County		City		Incremental		Timely		State & City		Available for Deposit into SAF
		0.50%	0.25%	General Fund	Drug Enf.	Trans. 0.50%	Sales Tax Revenue	EATS 50%	Deposit Refund 2.0%	Collection Fees 1.5%	Net EATS			
2008	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$0	\$9,400,000	\$23,500	\$47,000	\$94,000	\$47,000	\$105,750	\$211,500	\$2,115	\$1,586	\$102,049	\$1,586	\$23,294	\$102,049
2010	\$0	\$32,859,504	\$82,149	\$164,298	\$328,595	\$164,298	\$369,669	\$739,339	\$7,393	\$5,545	\$356,731	\$5,545	\$375,868	\$356,731
2011	\$0	\$33,819,488	\$20,848	\$169,097	\$338,195	\$169,097	\$348,619	\$697,237	\$6,972	\$5,229	\$336,417	\$5,229	\$339,812	\$336,417
2012	\$0	\$34,846,974	\$0	\$174,235	\$348,470	\$174,235	\$348,470	\$696,939	\$6,969	\$5,227	\$336,273	\$5,227	\$336,297	\$336,273
2013	\$0	\$35,369,679	\$0	\$176,848	\$353,697	\$176,848	\$353,697	\$707,394	\$7,074	\$5,305	\$341,317	\$5,305	\$340,474	\$341,317
2014	\$0	\$35,900,224	\$0	\$179,501	\$359,002	\$179,501	\$359,002	\$718,004	\$7,180	\$5,385	\$346,437	\$5,385	\$345,582	\$346,437
2015	\$0	\$36,438,727	\$0	\$182,194	\$364,387	\$182,194	\$364,387	\$728,775	\$7,288	\$5,466	\$351,634	\$5,466	\$350,765	\$351,634
2016	\$0	\$36,985,308	\$0	\$184,927	\$369,853	\$184,927	\$369,853	\$739,706	\$7,397	\$5,548	\$356,908	\$5,548	\$356,027	\$356,908
2017	\$0	\$37,540,088	\$0	\$187,700	\$375,401	\$187,700	\$375,401	\$750,802	\$7,508	\$5,631	\$362,262	\$5,631	\$361,367	\$362,262
2018	\$0	\$38,103,189	\$0	\$190,516	\$381,032	\$190,516	\$381,032	\$762,064	\$7,621	\$5,715	\$367,696	\$5,715	\$366,788	\$367,696
2019	\$0	\$38,674,737	\$0	\$193,374	\$386,747	\$193,374	\$386,747	\$773,495	\$7,735	\$5,801	\$373,211	\$5,801	\$372,289	\$373,211
2020	\$0	\$39,254,858	\$0	\$196,274	\$392,549	\$196,274	\$392,549	\$785,097	\$7,851	\$5,888	\$378,809	\$5,888	\$377,874	\$378,809
2021	\$0	\$39,843,681	\$0	\$199,218	\$398,437	\$199,218	\$398,437	\$796,874	\$7,969	\$5,977	\$384,492	\$5,977	\$383,542	\$384,492
2022	\$0	\$40,441,336	\$0	\$202,207	\$404,413	\$202,207	\$404,413	\$808,827	\$8,088	\$6,066	\$390,259	\$6,066	\$389,295	\$390,259
2023	\$0	\$41,047,956	\$0	\$205,240	\$410,480	\$205,240	\$410,480	\$820,959	\$8,210	\$6,157	\$396,113	\$6,157	\$395,134	\$396,113
2024	\$0	\$41,663,675	\$0	\$208,318	\$416,637	\$208,318	\$416,637	\$833,274	\$8,333	\$6,250	\$402,054	\$6,250	\$401,061	\$402,054
2025	\$0	\$42,288,630	\$0	\$211,443	\$422,886	\$211,443	\$422,886	\$845,773	\$8,458	\$6,343	\$408,085	\$6,343	\$407,077	\$408,085
2026	\$0	\$42,922,960	\$0	\$214,615	\$429,230	\$214,615	\$429,230	\$858,459	\$8,585	\$6,438	\$414,207	\$6,438	\$413,184	\$414,207
2027	\$0	\$43,566,804	\$0	\$217,834	\$435,668	\$217,834	\$435,668	\$871,336	\$8,713	\$6,535	\$420,420	\$6,535	\$419,381	\$420,420
2028	\$0	\$44,220,306	\$0	\$221,102	\$442,203	\$221,102	\$442,203	\$884,406	\$8,844	\$6,633	\$426,726	\$6,633	\$425,672	\$426,726
2029	\$0	\$44,883,611	\$0	\$224,418	\$448,836	\$224,418	\$448,836	\$897,672	\$8,977	\$6,733	\$433,127	\$6,733	\$432,057	\$433,127
2030	\$0	\$45,556,865	\$0	\$227,784	\$455,569	\$227,784	\$455,569	\$911,137	\$9,111	\$6,834	\$439,624	\$6,834	\$438,538	\$439,624
2031	\$0	\$44,086,564	\$0	\$220,433	\$440,866	\$220,433	\$440,866	\$881,731	\$8,817	\$6,613	\$425,435	\$6,613	\$427,807	\$425,435
Total EATS														
\$8,860,400														
\$177,208														
\$132,906														
\$8,550,286														
\$8,479,186														

Source: Canyon Research Southwest, Inc.; April 2009.

Total TIF Revenues

The table below summarizes the incremental TIF revenue forecasts generated by the Target store now under construction within the Adams Farm Redevelopment Project Area. Revenue sources include PILOTS and EATS. Throughout the statutory 23-year maturity of the TIF Plan from December 15, 2008 through December 14, 2031, those tenants either open for business or under construction are forecast to generate total TIF revenues of approximately \$13.6 million, net of collection fees. Sources of TIF funds include \$5.1 million in PILOTS and \$8.5 million in EATS. Accounting for the lag in property tax and sales tax receipts, an estimated \$13.3 million in TIF revenues are forecast to be collected and deposited into the Special Allocation Fund prior to maturity of the Adams Farm TIF Plan.

Summary of Tax Increment Financing Revenues Adams Farm Redevelopment Project Area

Year	Net TIF Revenues		Total Net TIF Revenues	Lagging Receipts		Available for Deposit into SAF
	PILOTS 100%	EATS 50%		PILOTS	EATS	
2008	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$0	\$102,049	\$102,049	\$0	\$23,294	\$23,294
2010	\$183,560	\$356,731	\$540,291	\$0	\$375,868	\$375,868
2011	\$187,717	\$336,417	\$524,134	\$183,560	\$339,812	\$523,371
2012	\$187,717	\$336,273	\$523,991	\$187,717	\$336,297	\$524,015
2013	\$196,199	\$341,317	\$537,517	\$187,717	\$340,474	\$528,192
2014	\$196,199	\$346,437	\$542,637	\$196,199	\$345,582	\$541,781
2015	\$205,021	\$351,634	\$556,655	\$196,199	\$350,765	\$546,965
2016	\$205,021	\$356,908	\$561,929	\$205,021	\$356,027	\$561,048
2017	\$214,195	\$362,262	\$576,457	\$205,021	\$361,367	\$566,388
2018	\$214,195	\$367,696	\$581,891	\$214,195	\$366,788	\$580,983
2019	\$223,736	\$373,211	\$596,947	\$214,195	\$372,289	\$586,484
2020	\$223,736	\$378,809	\$602,546	\$223,736	\$377,874	\$601,610
2021	\$233,659	\$384,492	\$618,150	\$223,736	\$383,542	\$607,278
2022	\$233,659	\$390,259	\$623,918	\$233,659	\$389,295	\$622,954
2023	\$243,979	\$396,113	\$640,091	\$233,659	\$395,134	\$628,793
2024	\$243,979	\$402,054	\$646,033	\$243,979	\$401,061	\$645,040
2025	\$254,711	\$408,085	\$662,796	\$243,979	\$407,077	\$651,056
2026	\$254,711	\$414,207	\$668,918	\$254,711	\$413,184	\$667,895
2027	\$265,873	\$420,420	\$686,293	\$254,711	\$419,381	\$674,092
2028	\$265,873	\$426,726	\$692,599	\$265,873	\$425,672	\$691,545
2029	\$277,481	\$433,127	\$710,608	\$265,873	\$432,057	\$697,930
2030	\$277,481	\$439,624	\$717,105	\$277,481	\$438,538	\$716,019
2031	\$289,554	\$425,435	\$714,989	\$277,481	\$427,807	\$705,288
Totals	\$5,078,257	\$8,550,286	\$13,628,543	\$4,788,703	\$8,479,186	\$13,267,889

Notes: Columns may not add due to rounding.

Source: Canyon Research Southwest, Inc.; April 2009.

TDD SALES TAX REVENUE ANALYSIS

Three Transportation Development Districts (“TDD”) will finance transportation projects and other associated costs. This section of the report generates TDD Sales Tax revenue forecasts for all three Transportation Development Districts.

Transportation Development District Act

Originally enacted in 1990, the Transportation Development District Act, Sections 238.200 to 238.280 of the Revised Statutes of Missouri, authorizes the governing body of any city or county to create transportation development districts (TDD) within such jurisdiction, for the purpose of funding transportation improvements. The Transportation Development District Act was amended in 1997 to be a more flexible and useful tool in financing public improvements related to the Missouri highway system and public streets in Missouri cities and counties.

Transportation Development Districts are separate political subdivisions of the State of Missouri, authorized to collect taxes and borrow funds through the issuance of bonds. Section 238.220 of the Transportation Development District Act authorizes, in order to pay the costs of transportation projects, the levy of a transportation development district sales tax on the selling of tangible personal property at retail or rendering of furnishing services within transportation districts in an amount not to exceed 1.0 percent.

The District is required to collect the TDD Sales Tax revenue within the District in accordance with the TDD Act. Pursuant to the TDD Act, the TDD Sales Tax revenue that is generated within the District will be captured and deposited into the TDD Sales Tax Revenue Fund.

Adams Farm Transportation Development District

In accordance with the Transportation Development District Act (Sections 238.200-238.280 R.S.Mo.), the Adams Farm TDD was established to fund transportation projects from the proceeds of TDD bonds, notes, or other obligations that will be secured by revenues resulting from the imposition of a TDD Sales Tax.

The Adams Farm TDD includes the boundaries of the Adams Farm Redevelopment Project Area. As of the date of this report Target is the only store open for business or under construction within the Adams Farm Redevelopment Project Area. In addition, the Adams Farm TDD expands outside of the boundaries of the Redevelopment Project Area to include the neighboring 6,400 square foot Meiners Market and Coronado Place. Coronado Place includes 27,675 square feet of small shops and five out parcels occupied by National Tire & Battery, Taco Bell, Sonic, Texas Roadhouse and Panda Express. A 1.0 percent TDD Sales Tax shall be imposed for up to 30 years or the period of time needed for repayment the TDD Obligations.

Two additional Transportation Development Districts will contribute TDD Sales Tax revenue to the City to assist in funding road improvements. Cooperative agreements have also been executed that incorporate the neighboring Wal-Mart Supercenter and Home Depot stores as funding sources for road improvements. A TDD Sales Tax in the amount of 0.5 percent will be levied on both stores for a period of ten years.

Timing of TDD Sales Tax Revenue

The Adams Farm Transportation Development District (“TDD”) agreed to impose a 1.0 percent TDD Sales Tax for a period of up to 30 years. The Adams Farm TDD was activated on January 1, 2009 and TDD Sales Tax revenues are currently being collected. Wal-Mart and Home Depot have agreed to a 0.5 percent TDD Sales Tax levy for a period of 10 years. The anticipated date for commencing TDD Sales Tax collections is June 1, 2009 for Home Depot and July 1, 2009 for the Wal-Mart Supercenter.

The effective forecast period is from January 1, 2009 through maturity of the Adams Farm TDD on December 31, 2038. The table below identifies those businesses included in the Adams Farm TDD.

Adams Farm Transportation Development District Retailers Open for Business or Under Construction

Project Component	Space Sq. Ft.
Adams Dairy TDD	
Target	132,498
Meiners Market	6,400
Coronado Place Shopping Center	
National Tire & Battery	7,964
Panda Express	2,741
Taco Bell	2,780
Sonic	1,728
Texas Roadhouse	11,359
Adams Dairy Bank	4,550
AT&T	1,250
Panera Bread Company	3,829
Vintage Stock	3,700
Total Committed Space	178,799
Wal-Mart TDD	
Wal-Mart Supercenter	171,000
Home Depot TDD	
Home Depot	119,227
Grand Total Committed Space	469,026

TDD Sales Tax Revenue Projections

Retail sales volumes for businesses operating within the Adams Farm TDD were estimated based on several sources, including:

1. *Dollars & Cents of Shopping Centers 2008* published by the Urban Land Institute;
2. Nation's Restaurant News and International Council of Shopping Centers;
3. Financial data published by publicly-held retailers;
4. Historic sales provided for the Home Depot's Blue Springs store;
5. Forecast sales forecast presented in the Cooperative Agreement with Wal-Mart; and
6. The consultant's internal data base on actual retail sales of comparable stores.

As of the date of this report only the 132,498 square foot Target store was under construction within the Adams Farm Redevelopment Project Area. The previous section of the report forecast store sales at \$9.4 million from October 11, 2009 through December 31, 2009; \$32.9 million in 2010; \$33.9 million in 2011 and \$34.8 million for 2012.

A 6,400 square foot Meiners Market operates at the northeast corner of Coronado Drive and Adams Dairy Parkway. The facility includes a convenience store, gas pumps and a Burger King restaurant. Sales for 2009 are forecast at \$300 per square foot, or \$1.92 million.

Tenants open for business within the Coronado Place Shopping Center include Adams Dairy Bank, AT&T, Vintage Stock and Panera Bread Company. Adams Dairy Bank does not generate taxable sales. Based on actual sales of comparable stores, first-year sales for the AT&T store are estimated at \$220 per square foot, or \$275,000. Vintage Stock is a retailer of used or pre-owned music, movies, video games, sports collectibles, trading cards, games, comics and toys. Based on actual sales of comparable stores in Kansas City and Liberty, during 2009 sales for the Vintage Stock store are estimated at \$150 per square foot, or \$555,000.

A 3,829 square foot Panera Bread store opened on March 28, 2009 within Coronado Place. Panera's restaurant concept focuses on the "Specialty Bread/Bakery-Café" category. The Panera Bread Company operates 1,252 restaurants in 40 states and Canada under the Panera Bread, Saint Louis Bread and Paradise Bakery & Café formats. Restaurants are both company-owned (527 restaurants) and franchised (725 restaurants). A total of 64 restaurants operate in Missouri. The average store size is 4,600 square feet for Panera Bread and Saint Louis Bread and 3,500 square feet for Paradise Bakery & Café. During 2008 the company-owned Panera Bread restaurants reported gross sales of over \$1.1 billion, up from \$362.1 million in 2004. From 2004 through 2008 company-owned restaurants reported same store sales increases of 1.9 to 7.4 percent per year, averaging 4.38 percent annually. Meanwhile, franchised-operated restaurants reported annual same store sales increases ranging from 1.5 to 8.0 percent, averaging 4.3 percent per year. For 2008, system-wide average weekly sales per restaurant were reported at \$39,239, translating into average sales of approximately \$2.0 million per restaurant. Average weekly sales per restaurant were up 1.5 percent from \$38,668 reported in 2007. During 2009, sales for

the recently opened Panera Bread restaurant within the Adams Farm TDD are estimated at approximately \$30,000 per week (\$400 per square foot), or approximately \$1.17 million.

A 7,964 square foot National Tire & Battery store operates on Coronado Place Lot 2. National Tire & Battery is an automotive retailer that specializes in tire and battery replacement as well as many enhanced mechanical services. The chain operates over 650 stores. Sales in 2009 for the National Tire & Battery store are estimated at \$245 per square foot, or \$1.95 million.

The 2,741 square foot Panda Express opened in December 2008 on Coronado Place Lot 3. Panda Restaurant Group is an Asian foodservice business and one of the largest family-owned businesses in the nation, operating several restaurant concepts including Panda Express, Panda Inn and Hibachi-San. Launched in 1983, there are now more than 950 Panda Express restaurants throughout 37 states and Puerto Rico. During 2009 the Panda Express restaurant is estimated to generate sales of \$400 per square foot, or \$1.1 million.

A 2,780 square foot Taco Bell restaurant operates on Coronado Place Lot 4. Taco Bell Corporation is a subsidiary of Yum! Brands, Inc. and is the nation's leading Mexican-style quick service restaurant chain. Taco Bell serves tacos, burritos, signature Quesadillas, Grilled Stuffed Burritos, nachos, and other specialty items such as the Crunchwrap Supreme™, in addition to a wide variety of Big Bell Value Menu items. In 2008, Taco Bell's 5,588 U.S. restaurants generated sales of \$1.9 billion in company restaurants and \$4.8 billion in franchise restaurants, averaging \$1.24 million per restaurant. Over the past five years total U.S. sales increased by 17.5 percent and average store sales increased by 16.1 percent. During 2009 sales for the Taco Bell restaurant at Coronado Place are estimated at \$375 per square foot, or \$1.04 million.

A 1,728 square foot Sonic restaurant was operating on Coronado Place Lot 5, but in December 2008 was damaged by fire. The restaurant is currently being rebuilt and is scheduled to re-open by June 15, 2009. Sonic operates and franchises the largest chain of drive-in restaurants in the United States. At year-end 2008, the Sonic system consisted of 3,475 drive-ins offering made-to-order sandwiches, soft drinks, frozen desserts and a breakfast menu. Sonic operates 212 drive-ins in Missouri and 136 drive-ins in Kansas. During fiscal year 2008 gross sales of \$804.7 million were reported. Average store sales have increased from \$906,000 in fiscal year 2002 to \$1,125,000 in fiscal year 2008, a 24.2 percent increase. From 2002 through 2008, annual increases in same store sales ranged from 0.3 to 6.5 percent per year, averaging 3.6 percent. During 2009, sales for the Sonic operating at Coronado Place are estimated at \$550 per square foot, or \$520,767.

An 11,359 square foot Texas Roadhouse restaurant is open for business at Coronado Place Lot 9. Founded in 1993, Texas Roadhouse is a full-service, casual dining restaurant chain. As of year-end 2008, 314 Texas Roadhouse restaurants were operating in 44 states. Over the past six years the total number of Texas Roadhouse restaurants increased from 142 at year-end 2002 to 314 restaurants by year-end 2008. Over the same period gross revenues for company-owned restaurants increased from \$232.8 million in 2002 to \$871.6 million by 2008. The average unit sales volume for 2008 was \$3.82 million with stabilized sales for new restaurants achieved in just 3 to 6 months. From 2003 through 2007 same store sales increased by 1.4 to 7.6 percent per year, averaging 4.3 percent. Same store sales declined by 2.3 percent in fiscal year 2008. During 2009, sales for the Texas Roadhouse restaurant operating at Coronado Place are forecast at \$300 per square foot, or approximately \$3.4 million.

In summary, during 2009 the Adams Farm TDD consisting of the Adams Farm Redevelopment Project Area and the neighboring 6,400 square foot Meiners Market and Coronado Place Shopping Center is forecast to generate total taxable retail sales of approximately \$21.3 million. Retail sales are forecast to stabilize in 2012 at approximately \$48.2 million.

A 171,000 square foot Wal-Mart Supercenter is expected to contribute TDD Sales Tax revenues commencing on July 1, 2009. Wal-Mart Stores, Inc. is the largest retailer in the United States reporting fiscal year 2008 net sales of \$374.5 billion, up 8.6 percent over fiscal year 2007. Comparable store sales were up 1.6 percent. During fiscal year 2009 ended January 30, 2009 Wal-Mart Stores, Inc. reported net sales of \$401.2 billion, up 7.2 percent over fiscal year 2008. Despite a weakening national economy comparable store sales rose 3.5 percent. Wal-Mart's positioning as a discount retailer has improved its competitiveness, attracting increased customer traffic and sales. Wal-Mart recorded the strongest sales results in its history during the fourth quarter with \$108 billion in sales. Wal-Mart Stores, Inc. operates three retail segments including Wal-Mart (Discount Stores, Supercenters and Neighborhood Markets), Sam's Club and International. As of October 31, 2008 the domestic store count totaled 4,249, including 3,500 discount and Supercenters, 146 Neighborhood Markets, 4 Marketside stores and 599 Sam's Club stores. From fiscal year 2006 to 2009, Wal-Mart Stores, Inc. reported annual comparable store sales increases of 2.5 to 5.0 percent, averaging 2.6 percent per year. During the same 4-year period comparable store sales for the domestic Wal-Mart division increased at an average annual rate of 2.3 percent. During fiscal year 2009 the Wal-Mart domestic retail segment reported gross sales of \$255.7 billion, up 6.8 percent from fiscal year 2008. Domestic Wal-Mart stores sales averaged approximately \$70 million, or \$435 per square foot. The Wal-Mart Supercenter operating in Blue Springs benefits from direct freeway access and visibility, strong trade area demographics, and limited direct competition. The pending opening of the Target store within the Adams Dairy Redevelopment Project Area is not anticipated to adversely impact sales at the existing Wal-Mart Supercenter. Wal-Mart has had a presence in Blue Springs for many years and has an established customer base.

The Cooperative Agreement between Wal-Mart Stores East LP, Blue Springs Development Two, LLC and the City of Blue Springs, Exhibit E provided forecast TDD Sales Tax revenues for the 10-year capture period. Year 1 taxable sales were estimated at \$111.2 million, increasing to \$132.9 million in Year 10. For the purpose of this report first-year sales for the Wal-Mart Supercenter were forecast at \$650 per square foot, translating into \$56.0 million from July 1, 2009 to December 31, 2009 and \$113.4 million in 2010.

An 119,227 square foot Home Depot store is expected to contribute TDD Sales Tax revenues commencing on June 1, 2009. Based on actual TDD Sales Tax collections, the Home Depot store is forecast to generate taxable sales of \$14.7 million from June 1, 2009 to December 31, 2009 and \$25.4 million in 2010.

From 1989 through 2008 the Consumer Price Index (CPI) rose at an average annual rate of 3.0785 percent. Since 2000, the CPI has escalated at an average annual rate of 2.9 percent. Throughout the balance of the 30-year projection period retail sales volumes for businesses operating within the Adams Farm TDD are forecast to escalate at a conservative rate of 1.5 percent annually.

As summarized in the table on page 43, taxable sales for the Adams Farm TDD, Wal-Mart Supercenter and Home Depot are forecast at approximately \$92.1 million in 2009, increasing to \$192.3 million at stabilization in 2012.

As outlined by table on page 44, for the 30-year period from January 1, 2009 through December 31, 2038 the Adams Farm TDD, including contributions from the neighboring Wal-Mart Supercenter and Home Depot, is forecast to generate total gross TDD Sales Tax revenue of approximately \$24.5 million. Retailers receive a 2.0 percent refund for timely retail sales deposits and the City of Blue Springs levies a collection fee 1.0 percent, reducing net TDD Sales Tax revenue to \$23.8 million. Accounting for the 2-month lag in sales tax receipts, an estimated \$23.7 million in TDD Sales Taxes will be deposited into the TDD Fund and available to fund debt service during the initial 30 years of the Adams Farm TDD.

**Adams Farm Transportation Development District
Forecast Taxable Retail Sales through Stabilization**

Business	Space		Sales Per Sq. Ft.	Collections Commence	Forecast Sales					
	Sq. Ft.	Sq. Ft.			2009	2010	2011	2012		
Adams Farm TDD										
Target	132,498			10/11/2009	\$9,400,000	\$32,859,504	\$33,819,488	\$34,846,974		
Meiners Market	6,400	\$300.00		1/1/2009	\$1,920,000	\$1,948,800	\$1,978,032	\$2,007,702		
Coronado Place										
National Tire & Battery	7,964	\$245.00		1/1/2009	\$1,951,180	\$1,980,448	\$2,010,154	\$2,040,307		
Panda Express	2,741	\$400.00		1/1/2009	\$1,096,400	\$1,112,846	\$1,129,539	\$1,146,482		
Taco Bell	2,780	\$375.00		1/1/2009	\$1,042,500	\$1,058,138	\$1,074,010	\$1,090,120		
Sonic	1,728	\$550.00		6/15/2009	\$520,767	\$964,656	\$979,126	\$993,813		
Texas Roadhouse	11,359	\$300.00		1/1/2009	\$3,407,700	\$3,458,816	\$3,510,698	\$3,563,358		
Adams Dairy Bank	4,500	\$0.00		1/1/2009	\$0	\$0	\$0	\$0		
AT&T	1,250	\$220.00		1/1/2009	\$275,000	\$279,125	\$283,312	\$287,562		
Panera Bread Company	3,829	\$400.00		3/28/2009	\$1,170,730	\$1,554,574	\$1,577,893	\$1,601,561		
Vintage Stock	3,700	\$150.00		1/1/2009	\$555,000	\$563,325	\$571,775	\$580,351		
Sub-total Sales					\$21,339,277	\$45,780,231	\$46,934,026	\$48,158,230		
Cooperative Agreements										
Wal-Mart Supercenter	171,000	\$650.00		7/1/2009	\$56,031,781	\$113,403,600	\$115,671,600	\$117,985,200		
Home Depot	119,227	\$210.00		6/1/2009	\$14,679,620	\$25,413,235	\$25,794,434	\$26,181,350		
Sub-total Sales					\$70,711,401	\$138,816,835	\$141,466,034	\$144,166,550		
Grand Total Sales					\$92,050,678	\$184,597,066	\$188,400,059	\$192,324,780		

Source: Canyon Research Southwest, Inc.; April 2009.

Adams Farm Transportation Development District TDD Sales Tax Revenue Forecasts

Year	Adams Farm		TDD Sales		Wal-Mart		Home Depot		TDD Sales		Timely Deposit		Less: City		Net TDD		Available for Deposit into TDD Fund
	TDD Retail Sales	Tax Revenue 1.00%	Tax Revenue 1.00%	Sales	Sales	Sales	Sales	Tax Revenue 0.50%	Refund 2.00%	Collection Fee 1.00%	Net TDD Sales Tax Revenue						
2009	\$21,339,277	\$213,393	\$56,031,781	\$14,679,620	\$353,557	\$11,339	\$5,669	\$549,941									
2010	\$45,780,231	\$457,802	\$113,403,600	\$25,413,235	\$694,084	\$23,038	\$11,519	\$1,117,330									
2011	\$46,934,026	\$469,340	\$115,671,600	\$25,794,434	\$707,330	\$23,533	\$11,767	\$1,141,370									
2012	\$48,158,230	\$481,582	\$117,985,200	\$26,181,350	\$720,833	\$24,048	\$12,024	\$1,166,343									
2013	\$48,880,603	\$488,806	\$120,344,800	\$26,574,070	\$734,594	\$24,468	\$12,234	\$1,186,698									
2014	\$49,613,813	\$496,138	\$122,751,800	\$26,972,681	\$748,622	\$24,895	\$12,448	\$1,207,418									
2015	\$50,358,020	\$503,580	\$125,206,800	\$27,377,272	\$762,920	\$25,330	\$12,665	\$1,228,506									
2016	\$51,113,390	\$511,134	\$127,710,800	\$27,787,931	\$777,494	\$25,773	\$12,886	\$1,249,969									
2017	\$51,880,091	\$518,801	\$130,265,000	\$28,204,750	\$792,349	\$26,223	\$13,111	\$1,271,815									
2018	\$52,658,292	\$526,583	\$132,870,400	\$28,627,821	\$807,491	\$26,681	\$13,341	\$1,294,052									
2019	\$53,448,167	\$534,482	\$67,206,940	\$12,020,940	\$396,139	\$18,612	\$9,306	\$902,702									
2020	\$54,249,889	\$542,499				\$10,850	\$5,425	\$526,224									
2021	\$55,063,637	\$550,636				\$11,013	\$5,506	\$534,117									
2022	\$55,889,592	\$558,896				\$11,178	\$5,589	\$542,129									
2023	\$56,727,936	\$567,279				\$11,346	\$5,673	\$550,261									
2024	\$57,578,855	\$575,789				\$11,516	\$5,758	\$558,515									
2025	\$58,442,538	\$584,425				\$11,689	\$5,844	\$566,893									
2026	\$59,319,176	\$593,192				\$11,864	\$5,932	\$575,396									
2027	\$60,208,963	\$602,090				\$12,042	\$6,021	\$584,027									
2028	\$61,112,098	\$611,121				\$12,222	\$6,111	\$592,787									
2029	\$62,028,779	\$620,288				\$12,406	\$6,203	\$601,679									
2030	\$62,959,211	\$629,592				\$12,592	\$6,296	\$610,704									
2031	\$63,903,599	\$639,036				\$12,781	\$6,390	\$619,865									
2032	\$64,862,153	\$648,622				\$12,972	\$6,486	\$629,163									
2033	\$65,835,085	\$658,351				\$13,167	\$6,584	\$638,600									
2034	\$66,822,612	\$668,226				\$13,365	\$6,682	\$648,179									
2035	\$67,824,951	\$678,250				\$13,565	\$6,782	\$657,902									
2036	\$68,842,325	\$688,423				\$13,768	\$6,884	\$667,771									
2037	\$69,874,960	\$698,750				\$13,975	\$6,987	\$677,787									
2038	\$70,923,084	\$709,231				\$14,185	\$7,092	\$687,954									
		\$17,026,336			\$7,495,414	\$490,435	\$245,217	\$23,786,097									

Source: Canyon Research Southwest, Inc.; April 2009.

ADDENDA

EXHIBIT A

**Canyon Research Southwest, Inc.
List of Public Financing Projects**

Canyon Research Southwest, Inc. has performed market studies and revenue projections for several Tax Increment Financing bond redevelopment areas within Kansas and Missouri, including:

Tax Increment Financing

- 718,406 square foot Summit Woods Crossing in Lee's Summit, Missouri;
- 457,250 square foot Antioch Center in Kansas City, Missouri;
- 579,980 square foot Blue Ridge Mall Redevelopment in Kansas City, Missouri;
- Old Orchard TIF District in Webster Groves, Missouri;
- 724,333 square foot Gravois Bluffs East & West in Fenton, Missouri;
- 519,295 square foot Prewitt Point in Osage Beach, Missouri;
- Strother Road TIF District; Lee's Summit, Missouri;
- 1,073,743 square foot Branson Hills Shopping Center in Branson, Missouri;
- 398,100 square foot Belton Town Centre in Belton, Missouri;
- Highway 7 Corridor TIF District in Blue Springs, Missouri;
- Liberty Triangle in Liberty, Missouri;
- 106-acre Tuscany Village mixed-use development in St. Joseph, Missouri;
- 675,960 square foot Shoppes at North Village in St. Joseph, Missouri;
- 29th Street & Highway 69 Bypass TIF District in Pittsburg, Kansas;
- North Southgate Center in Olathe, Kansas;
- 230,860 square foot Venture Shopping Center in Roeland Park, Kansas;
- 175,072 square foot North Broadway in Pittsburg, Kansas;
- 89,850 square foot Maryville Town Center in Maryville, Missouri;
- 119,390 square foot Harrisonville Center in Harrisonville, Missouri;
- Highway 61 Redevelopment Area in Moscow Mills, Missouri;
- 435-acre West 370 TIF District in St. Charles, Missouri;
- 115,904 South U.S. 65 TIF in Chillicothe, Missouri;
- Briarcliff West RPA 9, 22 and 36 in Kansas City, Missouri;
- 82-unit Printers Lofts at 1611-1627 Locust Street in St. Louis, Missouri;
- 40-unit Railway Lofts at 1619 Washington Avenue in St. Louis, Missouri; and
- 22-unit Cloisters at Souldard located at 2500 South 18th Street in St. Louis, Missouri
- 24-unit Moon Bros. Carriage Lofts at 1324 Washington Avenue in St. Louis, Missouri;
- 64-unit Bankers Lofts at 901 Washington Avenue in St. Louis, Missouri;
- 70,832 square foot Curlee Building at 1001 Washington Avenue in St. Louis, Missouri;
- 52-unit Dorsa Lofts in St. Louis, Missouri;
- 24-unit Grace Lofts at 1324 Washington Avenue in St. Louis, Missouri;
- 104-unit The Georgian at 1515 Lafayette Avenue in St. Louis, Missouri;
- 49-unit Westgate Lofts at 410 North Jefferson Avenue in St. Louis, Missouri; and
- 48-unit Terrace Lofts at 1300 Convention Plaza in St. Louis, Missouri.

EXHIBIT B

Canyon Research Southwest, Inc., Client Roster

CLIENT ROSTER

Abigail Properties
Appraisal Technology, Inc.
Arizona Cardiology Group
Arizona State Land Department
Aspen Enterprises
Bain & Company, Inc. (Boston, Massachusetts)
Bashas' Markets
Belz-Burrow (Jonesboro, Arkansas)
Biskind, Hunt & Taylor, PLC
Bridgeview Bank Group
Browning-Ferris Industries
Burch & Cracchiolo PA
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter Day Saints
Circle G Development
City of Belton, Missouri
City of St. Charles, Missouri
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Independence, Missouri
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Osage Beach, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Warsaw, Missouri
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
Danny's Family Car Wash
Diamond Ventures (Tucson, Arizona)
DMB Associates
DMJM Arizona Inc.
EDAW, Inc. (Denver, Colorado)
Engle Homes
Frontera Development, Inc.
Gilded Age (St. Louis, Missouri)
W.M. Grace Development
Greystone Group (Newport Beach, California)
Hanford/Healy Advisory Company
Heritage Bank (Louisville, Colorado)
Holiday Hospitality Corporation (Atlanta, Georgia)

Jorden & Bischoff, PLC
JPI Development
Kaiser Permanente (Oakland, California)
Landmark Organization (Austin, Texas)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Lewis and Roca
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
Marriott International, Inc. (Washington, D.C.)
AJ Martinez & Associates (Prescott, Arizona)
MCO Properties
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Piper Jaffray (Kansas City, Missouri)
Pivotal Group
Pulte Home Corporation
Pulte Homes of Greater Kansas City
Pyramid Development (St. Louis, Missouri)
Ralph J. Brekan & Company
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
Richmond American Homes
River Run Development (Boise, Idaho)
Royal Properties (Champaign, Illinois)
Salt River Project
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Weststone Properties
Wolfswinkel Group
Yavapai-Apache Nation (Camp Verde, Arizona)
Zaremba Group (Atlanta, Georgia)

APPENDIX D

DEFINITIONS; SUMMARY OF THE PRINCIPAL DOCUMENTS

DEFINITIONS

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

“Adams Farm TDD” means The Adams Farm Transportation Development District, its successors and assigns.

“Adams Farm Agreement” means the Cooperative Agreement among the City, the Adams Farm TDD and the Developer dated as of February 5, 2009, as amended.

“Additional Bonds” means any additional Bonds issued by the City pursuant to the Indenture on a parity with the Series 2009 Bonds.

“Arbitrage Instructions” means the Arbitrage Investment and Rebate Instructions contained in the Tax Compliance Agreement, as the same may be amended or supplemented in accordance with the provisions thereof.

“Authorized Adams Farm TDD Representative” means the authorized representative of the Adams Farm TDD designated to act on behalf of the Adams Farm TDD as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Adams Farm TDD by its chief executive officer.

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

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

“Authorized Developer Representative” means the president or any vice president of the Developer, or such other person at the time designated to act on behalf of the Developer as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Developer by its authorized member.

“Authorized Home Depot TDD Representative” means the authorized representatives of the Home Depot TDD designated to act on behalf of the Home Depot TDD as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Home Depot TDD by its chief executive officer.

“Authorized Walmart TDD Representative” means the authorized representatives of the Walmart TDD designated to act on behalf of the Walmart TDD as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Walmart TDD by its chief executive officer.

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such Person’s subrogee.

“Bonds” means the Series 2009 Bonds and any Additional Bonds issued under the Indenture, as amended.

“Bond Counsel” means Gilmore & Bell, P.C. or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing and experienced in matters relating to the tax exemption of interest payable on obligations of states and their instrumentalities and political subdivisions, and which is selected by the City and acceptable to the Trustee.

“Bond Ordinance” means the Ordinance of the City, authorizing the execution and delivery of the Indenture and the issuance of the Series 2009 Bonds.

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

“Cede & Co.” shall mean Cede & Co., the nominee of the Securities Depository, and any successor nominee of the Securities Depository with respect to the Bonds.

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

“City Payments” means the payments by the City, if any, required to be paid in accordance with the Indenture to provide funds to pay Debt Service Requirements. See **“SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Revenues”** herein.

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

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

“Debt Service Requirements” means for any period of time for which calculated, the aggregate of the payments to be made during such period in respect of principal (whether at maturity or otherwise) and interest on Bonds; provided that such payments are excluded from Debt Service Requirements to the extent that cash or Investment Securities are on deposit in an irrevocable escrow or trust account and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay principal or interest on the Bonds and are sufficient to pay such principal or interest.

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

“Debt Service Reserve Requirement” means the sum of \$1,023,178.83 to be deposited into the Bond Proceeds Account for the Series 2009 Bonds, which is a sum, at the date of original issuance and delivery of the Series 2009 Bonds, equal to the least of (A) 10% of the original aggregate principal amount of the Series 2009 Bonds, (B) the maximum annual Debt Service Requirements on the Series 2009 Bonds in any future fiscal year following such date, or (C) 125% of the average future annual Debt Service Requirements on the Series 2009 Bonds, **plus** the amount of \$1,023,178.83 to be deposited into the Business Interruption Account for the Series 2009 Bonds, plus with respect to any series of Additional Bonds that are entitled to the benefit of the Debt Service Reserve Fund, a sum equal to the maximum amount permitted by the Internal Revenue Code to be deposited from the proceeds of such Additional Bonds in a Debt Service Reserve Fund therefor without being subject to yield restriction under the Internal Revenue Code and without causing the

interest on any Bonds then Outstanding and exempt from taxation for federal income tax purposes becoming subject to federal income taxes then in effect plus such additional amounts as may be specified in the Supplemental Indenture authorizing such Additional Bonds.

“Developer” or **“Redeveloper”** means Blue Springs Development Three, Inc., a Missouri corporation, and any successors or assigns thereto permitted under the Redevelopment Agreement.

“Economic Activity Tax Revenues” means 50% of the total additional revenue from taxes imposed by the City or other taxing districts (as that term is defined in Section 99.805 of the TIF Act) which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in the calendar year ending December 31, 2007, but excluding therefrom any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to Section 70.500, RSMo., licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, personal property taxes, and taxes levied for the purpose of public transportation pursuant to Section 94.660, RSMo.

“Event of Default” means any event or occurrence defined as an event of default in the Indenture. See **“SUMMARY OF THE INDENTURE – Events of Default; Acceleration”** in this **Appendix B**.

“Financing Documents” means the Indenture, the Redevelopment Agreement, the Tax Compliance Agreement, the Continuing Disclosure Agreement, the Adams Farm Agreement, the Home Depot Agreement, the Walmart Agreement and any other documents entered into in connection with the issuance of the Bonds or the payment thereof.

“Fiscal Year” means the fiscal year adopted by the City for accounting purposes, which as of the execution of the Indenture commences on October 1 and ends on September 30.

“Force Majeure” means strikes, lockouts, other labor or industrial disturbances, civil disturbances, future valid orders of any governmental authorities, act of the public enemy, war, riot, sabotage, blockade, embargo, failure or inability to secure material or labor by reason of priority or similar regulation or orders of any governmental authorities, lightning, earthquake, fire, storm, hurricane, flood, washout, explosion, act of God, or any other similar cause beyond the reasonable control of the Developer.

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

“Home Depot TDD” means The I-70 and Adams Dairy Parkway Transportation Development District, its successors and assigns.

“Home Depot Agreement” means the Cooperative Agreement among the City, the Home Depot TDD, the Developer and Home Depot U.S.A., Inc. dated as of September 25, 2008, as amended.

“Immediate Notice” means notice given no later than the close of business on the date required by the provisions of the Indenture by telegram, telex, telecopier or other telecommunication device to such phone numbers or addresses as are specified in the Indenture or such other phone number or address as the addressee shall have directed in writing, the receipt of which is confirmed by telephone, promptly followed by written notice by first-class mail, postage prepaid to such addressees.

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

- (a) Government Securities;

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

(c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, including, without limitation, the Trustee or any of its affiliates, that are continuously and fully secured by any one or more of the securities described in clause (a), (b) or (d) and have a market value at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

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

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

(f) money market mutual funds that are invested in Government Securities; and

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

“Net Revenues” means all moneys on deposit (including investment earnings thereon) in (a) the PILOTS Account of the Special Allocation Fund, (b) subject to annual appropriation, the Economic Activity Tax Account of the Special Allocation Fund, (c) the TDD Revenues appropriated and paid by or on behalf of the Adams Farm TDD, the Home Depot TDD and the Walmart TDD to the Trustee as provided in the Indenture, and (d) the City Payments appropriated and paid by the City to the Trustee as provided in the Indenture. Net Revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the City which is the subject of a suit or other claim communicated to the City which suit or claim challenges the collection of such sum.

“Opinion of Counsel” means a written opinion of an attorney or firm of attorneys addressed to the Trustee, for the benefit of the Trustee and the Owners of the Bonds, who may be (except as otherwise expressly provided in the Indenture) counsel to the City, the Owners of the Bonds or the Trustee, and who is acceptable to the Trustee.

“Original Purchaser” means Piper Jaffray & Co., Leawood, Kansas.

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

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

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

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

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

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

“Participant” shall mean any broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as securities depository.

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

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

“Payments in Lieu of Taxes” means those payments in lieu of taxes (as defined in Sections 99.805(10) and 99.845 of the TIF Act), if any, attributable to the increase in the current equalized assessed valuation of all taxable lots, blocks, tracts and parcels of real property in the Redevelopment Area over and above the certified total initial equalized assessed valuation of the real property in the Redevelopment Area, as provided for by Section 99.845 of the TIF Act.

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

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

“Project” means the construction of Project Improvements (as contemplated in the Redevelopment Agreement), including street improvements and related infrastructure improvements, in the City of Blue Springs, Missouri, as described on an exhibit to the Indenture.

“Project Completion” means either (i) the disbursement of all moneys in the Project Fund pursuant to the Indenture or (ii) the deposit of all remaining moneys therein into the Debt Service Fund pursuant to the Indenture.

“Project Costs” means all of the cost of the design and construction of the Project and other related costs of the Project.

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

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

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

“Redevelopment Agreement” means the Amended and Restated Tax Increment Financing Contract dated as of July 31, 2009, between the City and the Developer, as amended from time to time.

“Redevelopment Area” means the area legally described in the Redevelopment Plan.

“Redevelopment Plan” means the Adams Farm Tax Increment Financing Plan, as it may be amended from time to time, as described in the recitals to the Indenture.

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

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

“Reimbursable Project Cost” means any cost payable from the Special Allocation Fund under the TIF Act for the Project.

“Representation Letter” shall mean the Blanket Letter of Representation from the City to the Securities Depository with respect to the Bonds.

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

“Securities Depository” shall mean The Depository Trust Company, New York, New York.

“Series 2009 Bonds” means the City’s Special Obligation Bonds (Adams Farm Project), Series 2009.

“Special Allocation Fund” means the Special Allocation Fund created within the Treasury of the City pursuant to the Indenture and in accordance with Section 99.845 of the TIF Act and the TIF Ordinance for the projects within the Redevelopment Area, and within the Special Allocation Fund a PILOTS Account and an Economic Activity Tax Account.

“State” means the State of Missouri.

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

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

“Tax Compliance Agreement” means the Tax Compliance Agreement dated as of September 1, 2009, between the City and the Trustee, as from time to time amended in accordance with the provisions thereof.

“Taxing Districts” means any political subdivision of the State having the power to levy taxes with boundaries in the Redevelopment Area.

“TDD Act” means the Missouri Transportation Development District Act, Sections 238.200 to 238.280, inclusive, of the Revised Statutes of Missouri, as amended.

“TDD Revenues” means the receipts by the Adams Farm TDD, the Home Depot TDD and the Walmart TDD from the sales taxes appropriated to pay a portion of the costs of road improvements that are redevelopment projects in the Redevelopment Area.

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

“TIF Ordinance” means Ordinance No. 4036 authorizing the adoption of tax increment financing within the Redevelopment Area.

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

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

“Walmart TDD” means The Coronado Drive Transportation Development District, its successors and assigns.

“Walmart Agreement” means the Cooperative Agreement among the City, the Developer and Walmart Stores East, LP dated as of April 21, 2009, as amended.

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SUMMARY OF THE INDENTURE

The following, in addition to the information contained above under the heading “THE SERIES 2009 BONDS,” summarizes certain provisions of the Indenture. This summary does not purport to be complete, and reference is made to the Indenture for the complete provisions thereof.

Creation of Funds and Accounts

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

- (1) Revenue Fund, which shall contain a PILOTS Account, an EATS Account and a TDD Account. In addition, the TDD Account will contain a separate subaccount for the Adams Farm TDD, the Home Depot TDD and the Walmart TDD.
- (2) Debt Service Fund, which shall contain a Bond Payment Account and a Redemption Account.
- (3) Debt Service Reserve Fund, which shall include a Bond Proceeds Account and a Business Interruption Account.
- (4) Project Fund, which shall contain a TIF Account, a TDD Account, a Capitalized Interest Account and a Cost of Issuance Account.
- (5) Rebate Fund.
- (6) Surplus Fund.

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

Security for the Bonds

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

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

No recourse shall be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future elected official of the City or any trustee, officer, official, employee or agent of the City, as such, either directly or through the City or any successor to the City, 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 member of the City, trustee, officer, official, employee or agent as such is expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

Annual Appropriation

The City intends, on or before the last day of each Fiscal Year, to budget and appropriate moneys sufficient to pay all payments of principal of and interest on the Bonds for the next succeeding Fiscal Year from Pledged Revenues, and if not from Pledged Revenues, from City Payments from all legally available moneys of the City for that 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 principal coming due and the interest on the Bonds during such Fiscal Year. If the City Council shall have made the appropriation necessary to make such payments, 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 default 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.

City Payments

The City agrees, subject to moneys being appropriated by the City Council, to make the City Payments, if and only to the extent required for amounts on deposit in the Bond Payment Account in the Debt Service Fund on the 10th day prior to each Payment Date to be sufficient to provide for the Debt Service Requirements for the Bonds. The Trustee shall notify the City and the Original Purchaser on the 15th day prior to each Payment Date if the Trustee has not received sufficient Net Revenues, together with other available funds under the Indenture, to pay the Debt Service Requirements for the Bonds Outstanding and that the City will be required to make the City Payments.

Revenue Fund

Moneys in the Revenue Fund on the 40th day prior to each Payment Date (or at any time in the event of rebate payable to the United States of America) shall be applied by the Trustee to the extent necessary for the purposes and in the amounts as follows, drawing first on the TDD Account in the Revenue Fund, second on the PILOTS Account in the Revenue Fund and third on the EATS Account in the Revenue Fund:

First, for transfer to the Rebate Fund when necessary, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City in accordance with the Arbitrage Instructions;

Second, for transfer to the Costs of Issuance Account in the Project Fund, the amount of \$17,540.04 to pay remaining costs related to the issuance of the Bonds;

Third, for transfer to the Bond Payment Account in the Debt Service Fund (taking into account moneys on deposit in the Capitalized Interest Account of the Project Fund) an amount sufficient to pay the interest on the Bonds on the next two succeeding Payment Dates;

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

Fifth, for transfer to the Debt Service Reserve Fund such amount as may be required to restore any deficiency in the Debt Service Reserve Fund if the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement;

Sixth, for payment to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent (not to exceed \$4,000 per Fiscal Year), upon delivery to the City of an invoice for such amounts, and for payment to

the City of an amount sufficient for payment of any fees and expenses which are due and owing to the City pursuant to the Indenture, upon delivery to the Trustee of an invoice for such amounts;

Seventh, for transfer to the Surplus Fund until the Trustee has received a certificate from the Authorized City Representative that the balance in the Surplus Fund is sufficient to provide for payment of all Project Costs; and

Eighth, for transfer to the Redemption Account of the Debt Service Fund, beginning subsequent to the certification by the City to the Trustee that the balance in the Surplus Fund is sufficient to provide for payment of all Project Costs, amounts sufficient to redeem Bonds in Authorized Denominations which shall be applied to the payment of the principal of and accrued interest on all Bonds which are subject to redemption on the next succeeding Payment Date.

The Trustee shall notify the City and the Original Purchaser on the 15th day prior to each Payment Date if the Trustee has not received sufficient Net Revenues, together with other available funds under the Indenture, to pay the Debt Service Requirements for Bonds Outstanding and that the City will be required to make City Payments.

Debt Service Fund

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

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

If the moneys in the Debt Service Fund are insufficient to pay all accrued interest on the Bonds on any Payment Date, then such moneys shall be applied ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege, and any unpaid portion shall accrue to the next Payment Date, with interest thereon at the rate or rates specified in the Bonds to the extent permitted by law. If the moneys in the Debt Service Fund are insufficient to pay the principal of the Bonds on the maturity date thereof, then such moneys shall be applied ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

Project Fund

Moneys in the TIF Account of the Project Fund shall be disbursed by the Trustee from time to time, upon receipt of a written request of the Authorized City Representative and containing the statements, representations and certifications set forth in the form of such request attached as an exhibit to the Indenture and otherwise substantially in such form, to pay, or reimburse the Developer for payment of, the costs of the Project as described in an exhibit to the Indenture. Moneys in the TDD Account of the Project Fund shall be disbursed by the Trustee from time to time, upon receipt of a written request of the Authorized City Representative and containing the statements, representations and certifications set forth in the form of such request attached as an exhibit to the Indenture and otherwise substantially in such form, to pay, or reimburse the City or the Developer for payment of, the costs of the transportation related portions of the Project as described in an exhibit to the Indenture. Any moneys remaining on deposit in the Project Fund when the

portion of the Project financed with the proceeds of the Series 2009 Bonds is completed, as evidenced by a certificate delivered by the Authorized City Representative to the Trustee, shall immediately be transferred by the Trustee to the Redemption Account in the Debt Service Fund.

Moneys in the Cost of Issuance Account of the Project Fund shall be disbursed, from time to time by the Trustee, upon receipt of a written request of the City signed by the Authorized City Representative and containing the statements, representations and certifications set forth in the form of such request attached as an exhibit to the Indenture and otherwise substantially in such form, for the sole purpose of paying costs of issuance of the Bonds. Any moneys remaining in the Cost of Issuance Account of the Project Fund on December 1, 2009 shall be deposited, without further authorization, into the TIF Account in the Project Fund.

Moneys in the Capitalized Interest Account of the Project Fund shall be disbursed, from time to time by the Trustee without any further direction from the City, on each Payment Date to pay interest on the Bonds.

In making such payments and disbursements, the Trustee may rely upon the written requests and accompanying certificates and statements. The Trustee is not required to make any independent investigation in connection with the matters set forth in the written requests.

Debt Service Reserve Fund

Except as otherwise provided in the Indenture, moneys in the Debt Service Reserve Fund shall be used by the Trustee without further authorization solely for the payment of the principal of and interest on the Bonds if moneys otherwise available for such purpose as provided in the Indenture are insufficient to pay the same as they become due and payable. In the event the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, moneys in the Debt Service Reserve Fund shall be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency using the moneys in the Business Interruption Account until all such money has been expended and then from moneys in the Bond Proceeds Account. The Trustee may use moneys in 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 Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Debt Service Reserve Fund shall also be used to pay the last Bonds becoming due unless such Bonds and all interest thereon be otherwise paid. The amount on deposit in the Debt Service Reserve Fund shall be valued by the Trustee 45 days prior to each Payment Date (or if such date is not a Business Day, the immediately preceding Business Day) and the Trustee shall give immediate written notice to the City if such amount is less than the Debt Service Reserve Requirement (except no notice is required to be delivered to the City concerning a deficiency in the Business Interruption Account until such account has been first fully funded from moneys in the Revenue Fund and a deficiency has subsequently occurred). For the purpose of determining the amount on deposit in the Debt Service Reserve Fund, the value of any investments shall be valued at their fair market value on the date of valuation. Moneys in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Requirement shall be deposited by the Trustee without further authorization in the Revenue Fund.

Surplus Fund

Except as described below, moneys in the Surplus Fund shall be disbursed by the Trustee for payment or reimbursement of Project Costs upon receipt of a written request of the Authorized City Representative and containing the statements, representations and certifications set forth in the form of such request attached as an exhibit to the Indenture. Any moneys remaining on deposit in the Surplus Fund when the Project is completed, as evidenced by a certificate delivered by the Authorized City Representative to the Trustee, shall immediately be transferred by the Trustee to the Bond Payment Account in the Debt Service Fund.

The Trustee is authorized and directed to withdraw from the Debt Service Fund, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Bonds, from the Revenue

Fund, the Surplus Fund and the Debt Service Reserve Fund (in the order specified), sums sufficient to pay the principal of and interest on the Bonds as and when the same become due on any Payment Date. The Trustee is authorized and directed to withdraw from the Surplus Fund an amount sufficient to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement if the amount in the Revenue Fund is not sufficient for such purposes.

Nonpresentment of Bonds

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

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds within one year after the date on which the same have become due shall be paid by the Trustee to the City without liability for interest thereon, free from the trusts created by the Indenture. Thereafter, Owners shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid by the Trustee. The City shall not be liable for any interest on the sums so paid to it and shall not be regarded as a trustee of such money.

Investment of Moneys

Moneys in all funds and accounts under any provision of the Indenture shall be continuously invested and reinvested by the Trustee in Investment Securities at the written direction of the City given by the Authorized City Representative or, if such written directions are not received, then in Investment Securities described in subparagraph (f) of the definition thereof. Moneys on deposit in all funds and accounts may be invested only in Investment Securities which mature or are subject to redemption at the option of the owner thereof prior to the date such funds are expected to be needed. The Trustee may make investments through its investment division or short-term investment department.

All investments and the interest earnings or profit therefrom shall constitute a part of the fund or account from which the moneys used to acquire such investments have come. The Trustee shall sell and reduce to cash a sufficient amount of investments in a fund or account whenever the cash balance therein is insufficient to pay the amounts required to be paid therefrom. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when required or permitted by the provisions of the Indenture. In determining the balance in any fund or account, investments shall be valued at the lower of their original cost or their fair market value on the most recent Payment Date, except as otherwise provided with respect to the Debt Service Reserve Fund. See **“SUMMARY OF THE INDENTURE – Debt Service Reserve Fund”** in this **Appendix B**. The Trustee shall not be liable for any loss resulting from any investment made in accordance with the Indenture.

Events of Default; Acceleration

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

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

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

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

(c) The failure to pay the principal of, redemption premium, if any, or interest on the Bonds when due.

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

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

Exercise of Remedies by the Trustee

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

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

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

Limitation on Exercise of Remedies by Bondowners

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

(i) a default has occurred of which the Trustee has notice as provided in the Indenture, and

(ii) such default has become an Event of Default, and

(iii) the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in the Indenture, and

(iv) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name;

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

Remedies Cumulative

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

Application of Moneys in Event of Default

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

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

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

(2) *Second* -- To the payment to the Owners entitled thereto of the unpaid principal of any of the Bonds that have become due and payable (other than Bonds called for redemption for the payment of which moneys or securities are held pursuant to the Indenture), in the order of their due dates, and, if the amount available is not sufficient to pay in full such

principal due on any particular date, together with such interest, then to the payment ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

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

(c) If the principal of all the Bonds has been declared due and payable, and if such declaration thereafter is rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of paragraph (b) above in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) above.

Whenever moneys are to be so applied pursuant to the Indenture, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future.

Supplemental Indentures

Without Consent of the Owners

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

(a) to cure any ambiguity or formal defect or omission in the Indenture or to release property from the Trust Estate which was included by reason of an error or other mistake;

(b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee or either of them;

(c) to subject to the Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(e) to provide for the refunding of any Bonds in accordance with the terms of the Indenture;

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

(g) to authorize the issuance of any series of Additional Bonds and make such other provisions as provided in the Indenture with respect to the issuance of Additional Bonds;

(h) to modify or eliminate any of the terms of the Indenture; provided, however, that:

(1) such Supplemental Indenture shall expressly provide that any such modifications or eliminations shall become effective only when there is no Bond Outstanding of any series issued prior to the execution of such Supplemental Indenture; and

(2) the Trustee may, in its discretion, decline to enter into any such Supplemental Indenture which, in its opinion, may not afford adequate protection to the Trustee when the same becomes operative; or

(i) to make any other change which, in the sole judgment of the Trustee, does not materially adversely affect the security of the Owners. In exercising such judgment the Trustee may rely on an Opinion of Counsel.

With Consent of the Owners

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

(a) an extension of the maturity of the principal of or the scheduled date of payment of interest on any Bond or any change of the redemption date on any Bond;

(b) a reduction in the principal amount, redemption premium or any interest payable on any Bond;

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds;

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

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

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

Opinion of Bond Counsel

Notwithstanding anything to the contrary in the Indenture, before the City and the Trustee enter into any Supplemental Indenture, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms and will not cause any Bonds then Outstanding and exempt from taxation for federal income tax purposes to become subject to federal income taxes then in effect.

Resignation or Removal of the Trustee

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

Appointment of Successor Trustee

If the Trustee resigns or is removed, or otherwise becomes incapable of acting under the Indenture, or if it is taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Trustee may be appointed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing; provided, nevertheless, that in case of such vacancy the City, by an instrument executed and signed by the Authorized City Representative, may appoint a temporary Trustee to fill such vacancy until a successor Trustee is appointed by the Owners in the manner above provided; and any such temporary Trustee so appointed by the City shall immediately and without further acts be superseded by the successor Trustee so appointed by such Owners. If a successor Trustee or a temporary Trustee has not been so appointed and accepted such appointment within 30 days of a notice of resignation or removal of the current Trustee, the retiring Trustee may petition a court of competent jurisdiction for the appointment of a successor Trustee to act until such time, if any, as a successor has so accepted its appointment. No resignation or removal of the Trustee will become effective until a successor Trustee has accepted its appointment under the Indenture.

Qualifications of Trustee and Successor Trustees

The Trustee and every successor Trustee appointed under the Indenture shall be a trust institution or commercial bank qualified to do business in the State, shall be in good standing and qualified to accept such trusts, shall be subject to examination by a federal or state bank regulatory authority, and shall have a reported capital and surplus of not less than \$50,000,000, or must provide a guaranty of the full and prompt performance by the Trustee of its obligations under the Indenture and any other agreements made in connection with the Bonds, on terms satisfactory to the City, by a guarantor with such combined capital and surplus. If such institution publishes reports of conditions at least annually pursuant to law or regulation, then for the purposes of the Indenture the capital and surplus of such institution shall be deemed to be its capital and surplus as set forth in its most recent report of condition so published.

SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

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

The City has covenanted in the Continuing Disclosure Agreement to make available certain financial and operating information on an ongoing basis while the Bonds remain outstanding, in accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission. The City has agreed to provide to the Municipal Securities Rulemaking Board (the “MSRB”) not later than 180 days after the end of the City’s fiscal year commencing with the fiscal year ending September 30, 2009, the following financial information and operating data (the “**Annual Report**”):

(1) The audited financial statements of the City for the prior fiscal year. If audited financial statements of the City are not available by the time the Annual Report is required to be filed, the Annual Report may contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements will be submitted in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the fiscal year of the financial information and operating data contained in this Official Statement in substantially the same format as in the following sections of the Official Statement:

(a) “SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING”; and

(b) the financial information and operating data contained in **Appendix A** to this Official Statement under the following sections and headings:

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City
Legal Debt Capacity

FINANCIAL INFORMATION CONCERNING THE CITY

Sources of Revenue
Property Valuations
Tax Rates

together with a chart showing the aggregate amount of Payment in Lieu of Taxes, Economic Activity Tax Revenues, and TDD Revenues (separately listed for each of the Transportation Development Districts), which the City had transferred to the Trustee during such Fiscal Year.

Promptly upon the occurrence thereof, the City shall provide the MSRB with notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (e) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

- (g) modifications to rights of bondowners;
- (h) optional, contingent or unscheduled bond calls;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds; or
- (k) rating changes.

In addition, the City shall provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

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

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

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Mayor and City Council
Blue Springs, Missouri

Piper Jaffray & Co.
Leawood, Kansas

UMB Bank, N.A., as Trustee
Kansas City, Missouri

Re: \$14,500,000 City of Blue Springs, Missouri, Special Obligation Bonds (Adams Farm Project)
Series 2009

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Blue Springs, Missouri (the “City”) of the above-captioned bonds (the “Bonds”), pursuant to a Trust Indenture dated as of September 1, 2009 (the “Indenture”) by and between the City and UMB Bank, N.A., as trustee (the “Trustee”). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

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

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

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

alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. We express no opinion regarding other federal or Missouri tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,