

*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 2010 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 2010 Bonds are "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.*

**\$16,805,000**  
**CITY OF BLUE SPRINGS, MISSOURI**  
**SPECIAL OBLIGATION BONDS**  
**(ADAMS FARM PROJECT)**  
**SERIES 2010**

**Dated: Date of Delivery**

**Due: See Inside Cover**

The Series 2010 Bonds are issuable only as fully registered Bonds without coupons. Purchases of the Series 2010 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 2010 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 2010 Bonds will be payable semiannually on each June 1 and December 1, beginning December 1, 2010.

The Series 2010 Bonds are being issued by the City of Blue Springs, Missouri (the "City"), pursuant to a Trust Indenture dated as of September 1, 2009, as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2010, by and between the City and the Trustee (as supplemented, the "Indenture"). The Series 2010 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 2010 Bonds, as described herein, is subject to annual appropriation by various entities.

THE SERIES 2010 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 2010 BONDS. THE ISSUANCE OF THE SERIES 2010 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 2010 Bonds involve risks, and prospective purchasers should read the section herein captioned "BONDOWNERS' RISKS." The Series 2010 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 2010 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 2010 Bonds before considering a purchase of the Series 2010 Bonds.**

*The Series 2010 Bonds are subject to redemption prior to maturity in certain circumstances, as described herein. See "THE SERIES 2010 BONDS – Redemption Provisions" herein.*

*The Series 2010 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, L.C., Overland Park, Kansas and Lewis Rice & Fingersh, L.C., Kansas City, Missouri. It is expected that the Series 2010 Bonds will be available for delivery on or about April 20, 2010.*

**PiperJaffray®**

The date of this Official Statement is April 6, 2010.

**\$16,805,000**  
**CITY OF BLUE SPRINGS, MISSOURI**  
**SPECIAL OBLIGATION BONDS**  
**(ADAMS FARM PROJECT)**  
**SERIES 2010**

**MATURITY SCHEDULE**

**SERIAL BONDS**

<b><u>Maturity</u></b> <b><u>December 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b>
2011	\$ 60,000	3.000%	102.786%
2012	325,000	3.000	103.568
2013	350,000	3.000	103.752
2014	385,000	3.000	103.134
2015	410,000	3.000	101.248
2016	445,000	3.000	98.990
2017	475,000	3.375	99.366
2018	480,000	3.500	98.460
2019	490,000	3.750	98.803
2020	530,000	3.875	98.583
2021	565,000	4.000	98.534
2022	610,000	4.125	98.785
2023	655,000	4.300	99.791
2024	705,000	4.250	98.603
2025	750,000	4.400	99.548
2026	815,000	4.375	98.314

**TERM BONDS**

<b><u>Maturity</u></b> <b><u>December 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b>
2030	\$3,830,000	4.625%	97.083%
2033	1,795,000	4.750	96.552
2039	3,130,000	5.000	97.727

**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.**

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

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. 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

\$16,805,000

### CITY OF BLUE SPRINGS, MISSOURI SPECIAL OBLIGATION BONDS (ADAMS FARM PROJECT) SERIES 2010

#### 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 2010 (the “Series 2010 Bonds” and, together with Series 2009 Bonds, as hereinafter defined, and any Additional Bonds as described herein under the caption “**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 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 2010 Bonds**

The Series 2010 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, as supplemented by the First Supplemental Trust Indenture dated as of March 1, 2010 (as supplemented, 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 2010 Bonds, (c) fund capitalized interest on the Series 2010 Bonds, and (d) pay the costs of issuance of the Series 2010 Bonds. A description of the Series 2010 Bonds is contained in this Official Statement under the caption “**THE SERIES 2010 BONDS.**”

All references to the Series 2010 Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Indenture.

*The Series 2010 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2010 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.

The Series 2010 Bonds are being issued on a parity basis with the City’s Special Obligation Bonds (Adams Farm Project), Series 2009 (the “Series 2009 Bonds”) in the original principal amount of \$14,500,000, of which \$14,500,000 principal amount remains Outstanding as of the date hereof.

**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 2010 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 2010 Bonds, subject to appropriation by the appropriate entity, will be the TDD Revenues<sup>1</sup> and the City Payments.**

The Series 2010 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 2010 BONDS – City Annual Appropriation Obligation**” herein.

At the time of issuance of the Series 2009 Bonds, a Debt Service Reserve Fund was initially funded in the amount of \$1,023,178.83 as additional security for the Bonds. An additional deposit to the Debt Service Reserve Fund will be funded at the time of issuance of the Series 2010 Bonds in the amount of \$1,260,036.76

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<sup>1</sup> 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.

as additional security for the Bonds. As required by the Indenture, a Business Interruption Account of the Debt Service Reserve Fund for Bonds will be funded over time until the amount in the Business Interruption Account of the Debt Service Reserve Fund equals \$2,283,215.59. There is currently \$8,578.55 on deposit in the Business Interruption Account of the Debt Service Reserve Fund. See **“SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 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 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 and the Series 2010 Bonds. See the caption **“SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 BONDS – Additional Bonds”** herein.

### **Revenue Study**

In connection with the issuance of the Series 2009 Bonds, Canyon Research Southwest, Inc., Tempe, Arizona (“Canyon”), prepared a study entitled “Tax Increment Financing Revenue Study” dated April 20, 2009 (the “Original Revenue Study”). An update of the Revenue Study to incorporate additional tenants opened or expected to open has been prepared entitled “Tax Increment Financing Revenue Study, Adams Farm Tax Increment Project Phase 2” dated March, 2010 (the “Updated Revenue Study,” and, together with the Original Revenue Study, 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, 2010, 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 2010 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 2010 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 2010 Bonds will not receive certificates representing their interests in the Series 2010 Bonds purchased. The Series 2010 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 2010 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, 2010.

### **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 2010 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 2010 Bonds to be redeemed, plus accrued interest to the redemption date.

*Extraordinary Redemption in Full.* The Series 2010 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 2010 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 2010 Bonds to be redeemed, plus accrued interest to the redemption date.

*Mandatory Redemption.* The Series 2010 Bonds maturing on December 1, 2030, December 1, 2033 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 December 1, 2030

<u>Year</u>	<u>Principal Amount</u>
2027	\$860,000
2028	925,000
2029	985,000
2030 <sup>†</sup>	1,060,000

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<sup>†</sup> Final Maturity

### Term Bonds Maturing on December 1, 2033

<u>Year</u>	<u>Principal Amount</u>
2031	\$1,065,000
2032	355,000
2033 <sup>†</sup>	375,000

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<sup>†</sup> Final Maturity

### Term Bonds Maturing on December 1, 2039

<u>Year</u>	<u>Principal Amount</u>
2034	\$405,000
2035	430,000
2036	460,000
2037	490,000
2038	525,000
2039 <sup>†</sup>	820,000

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<sup>†</sup> Final Maturity

The Trustee shall make timely selection of such Series 2010 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 2010 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 2010 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 2010 Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation to redeem Series 2010 Bonds on the next mandatory redemption date applicable to Series 2010 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 2010 Bonds in chronological order or such other order as the City may designate, and the principal amount of Series 2010 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 Series 2010 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](http://www.dtcc.com) and [www.dtc.org](http://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 2010 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 2010 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 2010 Bonds, subject to appropriation by the appropriate entity, will be the TDD Revenues<sup>1</sup> 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

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<sup>1</sup> 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.

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).

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 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 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;

*Third*, 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;

*Fourth*, 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;

*Fifth*, 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;

*Sixth*, 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

*Seventh*, 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.

For purposes of allocations of moneys in the Revenue Fund, the TDD Revenues shall not exceed 30% of the Debt Service Requirements for the Series 2010 Bonds, or such other percentage as provided in writing by the City to the Trustee permitted by law based on amounts paid from the Project Fund and eligible for payment from such TDD Revenues.

*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 2010 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 November 1, 2010 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, the Series 2010 Bonds, and any other Additional Bonds issued on a parity with the Series 2009 Bonds and the Series 2010 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 and the Series 2010 Bonds, but the City may issue other obligations specifically subordinate and junior to the Series 2009 Bonds and the Series 2010 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 and the Series 2010 Bonds or any Additional Bonds issued on a parity with the Series 2009 Bonds and the Series 2010 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 2010 Bonds:

*Sources of Funds:*

Net proceeds of the Series 2010 Bonds.....	<u>\$16,531,508.20</u>
Total sources of funds.....	<u>\$16,531,508.20</u>

*Uses of Funds:*

Deposit to the Capitalized Interest Account of the Project Fund .....	\$ 444,725.67
Deposit to the Project Fund .....	14,268,466.77
Deposit to Bond Proceeds Account of the Debt Service Reserve Fund.....	1,260,036.76
Underwriter's Discount .....	252,075.00
Other Costs of Issuance .....	<u>306,204.00</u>
Total uses of funds .....	<u>\$16,531,508.20</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 complete construction of the tenant space for additional tenants to operate retail establishments within the Redevelopment Area and to maintain substantial occupancy throughout the term of the Bonds. If the Developer or such owners fail to complete the tenant space currently under construction and 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.

Adams Dairy Landing is currently 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. Other tenants are not required to operate their businesses until their space is completed and ready for occupancy. Tenant space not completed by specified dates may permit certain tenants to terminate their leases. 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 2010 Bonds. If at any time during the term of the Series 2010 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 2010 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 2010 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.

The revenues derived to pay debt service on the Series 2010 Bonds are dependent upon the completion of construction of tenant space for sixteen different retailers. Some of the construction is to be completed by the Developer and other construction is to be completed by the retailer. Some of the buildings are currently being constructed and others have not commenced construction. Tenants with leases have no obligation to open for business until their space is completed. The amount of Economic Activity Tax Revenues and TDD Revenues available for repayment of the Bonds will be adversely affected if retailers do not or cannot open for business because their retail space has not been constructed.

## **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, a Debt Service Reserve Fund was initially funded in the amount of \$1,023,178.83 as additional security for the Bonds. An additional deposit to the Debt Service Reserve Fund will be funded at the time of issuance of the Series 2010 Bonds in the amount of \$1,260,036.76 as additional security for the Bonds. As required by the Indenture, a Business Interruption Account of the Debt Service Reserve Fund for Bonds will be funded over time until the amount in the Business Interruption Account of the Debt Service Reserve Fund equals \$2,283,215.59. There is currently \$8,578.55 on deposit in the Business Interruption Account of the Debt Service Reserve Fund. SEE “**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2010 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 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 2010 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, was 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 January 2011. 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 affiliated through common ownership with RED Development, LLC, Kansas City, Missouri, and Block and Company, LLC, 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 McMahon	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**

RED Asset Management, Inc. (the "Manager"), certain shareholders of which also hold beneficial equity interests in Developer, currently serves as manager for Adams Dairy Landing pursuant to a management agreement dated as of January 1, 2010. The Manager is paid a monthly fee of 3% of gross receipts but not less than \$3,000 per month.

The term of the management agreement ends on December 31, 2010, unless sooner terminated. Unless written notice to terminate is given by either party to the other at least 30 days prior to the end of the initial term or any subsequent annual term, the management agreement shall be automatically renewed for an additional one-year term, upon and subject to the terms and conditions set forth in the management agreement. At any time during the initial term or in any subsequent annual term of the management agreement, the management agreement may be terminated without cause by either party upon not less than 30 days' prior written notice to the other party. During the initial term of the management agreement, the management agreement may be terminated as follows:

(a) in the event that either party shall materially default in the performance or observance of any term, condition or covenant contained in the management agreement, and such default shall continue for a period of 30 days after written notice shall have been given to the defaulting party specifying the default and requesting that the same be remedied, then the non-defaulting party may, at any time thereafter, declare by written notice to the defaulting party that the management agreement shall be terminated on the date specified in the notice. If on that date, the event of default shall be continuing, then the management agreement shall terminate. Notwithstanding the foregoing, if the default cannot be remedied within the 30-day period, the defaulting party shall be deemed to be in compliance with such provision of the management agreement if that party shall, in good faith, have commenced to remedy the default within such 30-day period, shall subsequently prosecute to completion with diligence and continuity the remedying of the default and shall remedy the default within a reasonable time.

(b) in the event of the appointment of a receiver to take possession of all or substantially all of the assets of the Manager or an assignment by the Manager for the benefit of creditors, or any action taken or suffered by the manager under any insolvency, bankruptcy, reorganization, moratorium or other debtor-relief act or statute, whether now existing or hereafter amended or enacted, then the Developer may at any time thereafter declare by written notice to the Manager that the management agreement is to be terminated, effective on receipt of such notice.

The Manager is a Missouri corporation providing services in Missouri, Kansas, Arizona, Wisconsin, Nevada, Arkansas and Nebraska. The Manager was incorporated in 2004 and currently has over 8,000,000 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 <sup>th</sup> 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
Greenway	Greenway Station SPE, LLC	333,000	Retail	Middleton, Wisconsin
The Legends	Legends of KC, LP	689,000	Retail	Kansas City, Kansas
The Shops at Norterra	Norterra West, LLC	350,000	Retail	Phoenix, Arizona
SummitWoods Crossing	R.E.D. Capital Holdings of Lee's Summit SPE, LLC	735,000	Retail	Lee's Summit, Missouri
The Legends at Village West	Legends of KC, LP	1,200,000	Retail	Kansas City, Missouri
Summit Fair	Summit Fair Development, inc.	500,000	Retail	Lee's Summit, Missouri
The Legends at Sparks Marina	Sparks Legends Development, inc.	1,200,000	Retail	Sparks, Nevada
The Promenade at Chenal	Little Rock Development Company, LLC	300,000	Retail	Little Rock, Arkansas
Shadow Lake Towne Center	Shadow Lake Towne Center, LLC	800,000	Retail	Papillion, Nebraska
One Nineteen	119th Street Development, LLC	166,000	Retail	Leawood, Kansas
The Promenade at Fulton Ranch	RED Development of Ocotillo LLC Two	150,000	Retail	Chandler, Arizona
Ward Parkway Shopping Center	WP/SC, LLC	750,000	Retail	Kansas City, Missouri

### **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 (the "OEA") recorded on October 6, 2008 in the Office of the Recorder of Deeds for Jackson County, Missouri as Document 2008E0106069, as supplemented by that certain Supplement to the Operation and Easement Agreement recorded on October 17, 2008 as Document 2008E0110079 and as further amended and restated by that certain Amended and Restated Operation and Easement Agreement recorded on January 28, 2010 in the Office of the Recorder of Deeds for Jackson County, Missouri as Document 2010E0009260. 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 thirteen lease agreements relating to Adams Dairy Landing covering approximately 141,807 square feet. The Developer has sold one tract of real estate within the Redevelopment Area, containing approximately 10.24 acres, to Target Corporation ("Target"). Target constructed an approximately 131,000 square foot Target store which opened on October 11, 2009. The Developer has sold one tract of real estate within the Redevelopment Area, containing approximately 11.67 acres, to Lowe's Home Centers, 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 sold an outlot within the Redevelopment Area, containing approximately 0.64 acres to United States Beef Corporation which is constructing an Arby's restaurant. The Developer has closed on the sale of approximately 1.45 acres of land to Legend Development Group Adams Dairy, LLC which constructed an approximately 6,400 square foot multi-tenant retail building. The Developer has sold an outlot to GMRI, Inc., containing approximately 1.97 acres. GMRI, Inc. constructed an Olive Garden restaurant containing approximately 7,400 square feet. The Developer has entered into a Purchase and Sale Agreement with Kohl's Department Stores, Inc. ("Kohl's"), relating to approximately 6.75 acres of land. The Developer anticipates that Kohl's will construct a single store retail store containing approximately 64,000 square feet, together with parking and other related facilities. The Purchase and Sale Agreement contains a number of conditions precedent to the closing of the sale. There can be no assurance that the sale will be consummated.

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 <sup>1</sup>	10 years with 4 three–year renewal terms	12,500	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
Brown Group Retail, Inc. d/b/a Famous Footwear	March 10, 2010	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
GameStop, Inc.	November 23, 2009	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

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<sup>1</sup> 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.

<u>Tenant</u>	<u>Anticipated Opening Date</u>	<u>Approximate Term</u>	<u>Approximate Gross Square Footage</u>	<u>Permitted Use</u>
The Gap, Inc.	November 20, 2009	5 years with 2 five-year renewal terms	7,500	related supplies, peripherals, accessories and gift items plus other related items customarily sold by entertainment software-video stores Any lawful retail purpose, subject to the exclusive use and use restrictions set forth in the lease
Gordmans, Inc.	May 4, 2010 <sup>1</sup>	10 years with 4 five-year renewal terms	47,500	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

<sup>1</sup> 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>
Heartland Dental Care, Inc.	Fall 2010	10 years with 1 five-year renewal term	2,447	A general dentistry office
Maurices Incorporated	November 5, 2009	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"
Michaels Stores, Inc. d/b/a Michaels	Summer 2010 <sup>1</sup>	10 years with 4 five-year renewal terms	21,390	For the operation of a typical Michaels store
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
National Vision, Inc. d/b/a America's Best Contacts & Eyeglasses	Fall 2010	5 years with 2 five-year renewal terms	3,047	The sale of eyeglasses, sunglasses, contact lenses, accessories and supplies; optometric and ophthalmological practice and procedures; prescribing, selling and fitting of hearing aids; and operation of optical finish and surface lab; sale of managed care

<sup>1</sup> The tenant is not required to commence the payment of rent unless, among other conditions, there are at least four "anchor tenants" as defined in the lease open for business at 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>
				plans and products; the sale of products sold by other optical retail firms; and for related goods and services offered in a majority of other stores operated by the tenant or its affiliates
Petco Animal Supplies Stores, Inc. d/b/a Petco Supplies & Fish	March 1, 2010	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
Sally Beauty Supply LLC	November 19, 2009	5 years with 1 five-year renewal term	1,620	Sale of beauty supplies
Staples the Office Superstore East, Inc. d/b/a Staples	Summer 2010 <sup>1</sup>	10 years with 4 five-year renewal terms	18,000	Sale and leasing of equipment, furniture or supplies for business or office (including home office) use and the provision of business or office services and for uses ancillary thereto

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<sup>1</sup> 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.



### **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. Target constructed an approximately 131,000 square foot Target store that opened in 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 1.46 acres of land to Legend Development Group Adams Dairy, LLC which constructed an approximately 7,000 square foot multi-tenant retail building. The building has been completed and space has been leased to Chipotle's and Mattress Firm.

Pursuant to a Real Estate Contract dated December 17, 2008, as amended, the Developer sold an outlot within Adams Dairy Landing, containing approximately 30,054 square feet, to United States Beef Corporation. United States Beef Corporation is constructing an approximately 2,800 square foot Arby's restaurant, with a drive-through window for an anticipated opening of July 25, 2010.

Pursuant to an Agreement of Sale dated March 25, 2009, GMRI, Inc. acquired an approximately 1.78 acre outlot on September 16, 2009. GMRI, Inc. constructed an Olive Garden restaurant, containing approximately 7,400 square feet, that opened for business on March 15, 2010.

The Developer has entered into a Purchase and Sale Agreement with Kohl's Department Stores, Inc. ("Kohl's"), relating to approximately 6.75 acres of land. The Developer anticipates that Kohl's will construct a single store retail store containing approximately 64,000 square feet, together with parking and other related facilities. The Purchase and Sale Agreement contains a number of conditions precedent to the closing of the sale. There can be no assurance that the sale will be consummated. Should the sale occur, the Purchase and Sale Agreement provides that in the event that Kohl's does not open for business to the public on such site as a fully-stocked Kohl's department store containing at least 63,000 square feet of floor area on or before November 1, 2010 (subject to certain specified force majeure provisions), the Developer, for a period of 180 days thereafter, shall have the option to repurchase such real estate for a price equal to the purchase price paid by Kohl's. In addition, Kohl's has agreed that should it fail to complete the retail store building and open its store for retail sales operation for at least one day ("Open for Business") on or before November 1, 2010, Kohl's shall pay the City \$42,597 each month but not to exceed the Maximum Subsidy Refund (as hereinafter defined) beginning on November 1, 2010 until the earliest to occur of the following: (i) Kohl's is Open for Business; (ii) the Developer has reacquired the Kohl's tract or real estate at Adams Dairy Landing; or (iii) a replacement retailer reasonable acceptable to the City and the Developer has opened for business on such tract. "Maximum Subsidy Refund" means the costs allocable to the Kohl's tract already paid by the Developer pursuant to the Redevelopment Agreement which costs are actually reimbursed to the Developer with the proceeds of the Series 2010 Bonds.

## **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:

[Remainder of Page Intentionally Left Blank.]

<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 <sup>1</sup>

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.<sup>2</sup>

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.<sup>1</sup> 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.

<sup>1</sup> Continues to serve until a successor is elected.

<sup>2</sup> 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 and is expected to retain a 1% collection fee for such service.

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 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. <sup>1</sup>	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.<sup>2</sup> 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.

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

<sup>2</sup> 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, and is expected to retain 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.<sup>1</sup> Pursuant to State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed.

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<sup>1</sup> 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 and is expected to retain 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 1-70 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 1-70 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 1-70 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 2010 Bonds, or the constitutionality or validity of the Series 2010 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, L.C., 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 2010 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 2010



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 2010 Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2010 Bonds. The Series 2010 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code, and, in the case of certain “financial institutions,” within the meaning of Section 265(b)(5) of the Code, a deduction is allowed for 80 percent of that portion of a financial institution’s interest expense allocable to interest on the Series 2010 Bonds.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2010 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 2010 Bonds Purchased at a Premium.**

Series 2010 Bonds maturing in the years 2011, 2012, 2013, 2014 and 2015 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 2010 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 2010 Bonds should be aware that ownership of the Series 2010 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 2010 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2010 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 2010 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 2010 Bonds from the City at an aggregate purchase price of \$16,279,433.20 (which is equal to the aggregate principal amount of the Bonds less net original issue discount of \$273,491.80 and less an underwriting discount of \$252,075.00). The Underwriter will be obligated to accept delivery and pay for all of the Series 2010 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 2010 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 2010 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 2010 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 2010 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.**

## **RATING**

Standard & Poor's, a division of the McGraw-Hill Companies, has assigned the Series 2010 Bonds the rating of "AA-." Any explanation as to the significance of such rating may only be obtained from such rating agency.

The rating reflects only the view of the rating agency at the time the rating was issued. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating can be expected to have an adverse effect on the market price of the Series 2010 Bonds.

The City (except as otherwise described in "CONTINUING DISCLOSURE") and the Underwriter have not undertaken the responsibility of taking any action with respect to possible changes in the rating of the Series 2010 Bonds or of bringing any such changes to the attention of the registered owners of the Series 2010 Bonds.

## **MISCELLANEOUS**

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Series 2010 Bonds do not purport to be complete and are qualified in their entirety by reference thereto.

The form of this Official Statement, and its distribution and use, has been approved by the City. Neither the City nor any of its officers or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Series 2010 Bonds other than those either expressly or by fair implication imposed on the City.

## **CITY OF BLUE SPRINGS, MISSOURI**

By:           /s/ Carson Ross            
Mayor

**APPENDIX A**

**CITY OF BLUE SPRINGS, MISSOURI**

**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 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. The City Attorney, Robert K. McDonald, was appointed in 1986. 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	1,625
2. St. Mary's Hospital of Blue Springs	Health Care	660
3. Wal-Mart Stores Inc.	Retail	440
4. Fike Corporation (World HQ)	Manufacturer	380
5. Price Chopper	Grocery	340
6. Target	Retail	300
7. City of Blue Springs	Government	275
8. HyVee	Grocery	247
9. Kohl's	Retail	239
10. Gemaco	Manufacture Playing Cards	203

Source: Chart 1 - Kansas City *Business Journal*, April 2009. Chart 2 – Blue Springs Economic Development Corporation and Mid-America Regional Council.

### General and Demographic Information

The following table sets forth certain population information.

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2009</u>
City of Blue Springs	6,779	25,936	40,080	55,698
Jackson County	654,178	629,266	654,880	668,417
State of Missouri	4,677,623	4,916,766	5,595,211	5,987,580

Source: Missouri Office of Administration, State Demographer's Office, July 2009.

### Population Distribution by Age (2000 Census)

<u>Age</u>	<u>City of Blue Springs</u>	<u>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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<i>Jackson County</i>					
Total Labor Force	334,758	333,255	334,928	334,121	336,424
Unemployed	21,300	18,940	19,447	22,935	34,449
Unemployment Rate	6.4%	5.7%	5.8%	6.9%	10.2%
<i>State of Missouri</i>					
Total Labor Force	2,997,744	3,014,120	3,023,106	3,012,126	3,036,622
Unemployed	160,781	145,263	152,844	182,837	282,860
Unemployment Rate	5.4%	4.8%	5.1%	6.1%	9.3%

Source: 2005-2008: United States Department of Labor; Bureau of Labor Statistics; 2009: 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 six-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>
2009	11	\$21,159,972	29	\$ 3,838,124
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 March 1, 2010, 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	\$ 3,590,000
General Obligation Bonds (Series 2004A)	9/2/2004	1,110,000	860,000
Limited General Obligation Bonds (Series 2009) <sup>(1)</sup>	02/19/2009	18,725,000	18,325,000
General Obligation Bonds (Series 2009A)	12/17/2009	2,440,000	2,440,000
Taxable General Obligation Bonds (Series 2009B)	12/17/2009	<u>12,560,000</u>	<u>12,560,000</u>
<b>TOTAL</b>		<u>\$39,775,000</u>	<u>\$37,775,000</u>

<sup>(1)</sup> The Limited General Obligation Bonds are neighborhood improvement district bonds that are a general obligation of the issuer, but are expected to be paid from special assessments and for which the issuer may not levy a general property tax.

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**Debt Summary**  
**(as of 03/01/2010)**

2009 Assessed Valuation:	\$721,893,401
2009 Estimated Actual Valuation:	\$3,255,408,921
Population (2009 Estimated)	55,698
Total Outstanding General Obligation Debt:	\$37,775,000
Overlapping Debt: <sup>(1)</sup>	\$185,994,885
Direct and Overlapping General Obligation Debt:	\$223,769,885
Ratio of General Obligation Debt to Assessed Valuation:	5.23%
Ratio of General Obligation Debt to Estimated Actual Valuation:	1.16%
Per Capita General Obligation Debt:	\$678.21
Ratio of Direct and Overlapping Debt to Assessed Valuation:	31.00%
Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	6.87%
Per Capita Direct and Overlapping Debt:	\$4,017.56

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

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## 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>Series 2009 GO Debt Service<sup>(1)</sup></u>	<u>Total Debt Service</u>
2010	\$ 859,100.01	\$ 115,645.00	\$ 1,223,030.00	\$ 419,086.28	\$ 2,616,861.29
2011	874,943.76	112,845.00	1,235,655.00	543,972.10	2,767,415.86
2012	879,565.63	114,751.25	1,222,905.00	543,972.10	2,761,193.98
2013	876,893.75	116,470.00	1,234,780.00	543,972.10	2,772,115.85
2014	874,250.00	108,167.50	1,221,280.00	543,972.10	2,747,669.60
2015	481,750.00	119,552.50	1,550,530.00	543,972.10	2,695,804.60
2016	--	115,552.50	1,545,030.00	1,056,172.10	2,716,754.60
2017	--	116,400.00	1,536,530.00	1,089,465.85	2,742,395.85
2018	--	112,016.25	1,551,530.00	1,149,590.85	2,813,137.10
2019	--	112,392.50	1,540,030.00	1,176,372.10	2,828,794.60
2020	--	--	1,552,030.00	1,328,706.70	2,880,736.70
2021	--	--	1,556,905.00	1,366,649.68	2,923,554.68
2022	--	--	1,554,405.00	1,407,052.62	2,961,457.62
2023	--	--	1,549,405.00	1,449,740.34	2,999,145.34
2024	--	--	1,552,840.00	1,494,537.68	3,047,377.68
2025	--	--	1,554,520.00	1,539,189.46	3,093,709.46
2026	--	--	1,553,320.00	1,583,366.12	3,136,686.12
2027	--	--	1,552,750.00	1,628,809.99	3,181,559.99
2028	--	--	1,552,500.00	1,680,233.94	3,232,733.94
2029	--	--	1,568,250.00	1,727,446.54	3,295,696.54
<b>Total</b>	<b>\$4,846,503.15</b>	<b>\$1,143,792.50</b>	<b>\$29,408,225.00</b>	<b>\$22,816,280.75</b>	<b>\$58,214,801.40</b>

<sup>(1)</sup> Includes Series 2009B Bonds - Build America Bond Direct Pay Subsidy; debt service numbers shown in this table assume receipt of subsidy.

## 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 March 1, 2010, 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<sup>(1)</sup></u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Blue Springs R-IV School District	\$145,945,000	85.30%	\$124,491,085
Grain Valley R-V School District	38,600,000	10.00	3,860,000
Lee's Summit R-VII School District	190,870,000	0.24	45,808,800
Central Jackson County Fire Protection District	<u>13,150,000</u>	90.00	<u>11,835,000</u>
Total Overlapping Indebtedness	<u>\$388,565,000</u>		<u>\$185,994,885</u>

(1) The outstanding principal amount of Bonds that are subject to crossover refunding are not included in the amounts outstanding.

Source: Taxing Jurisdiction Disclosure Documents filed on Municipal Securities Rulemaking Board: EMMA web-site and City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2009.

### **Water and Sewer Revenue Obligations**

In August 2008, the voters of the City approved the issuance of \$35 million combined water and sewer system revenue bonds for the purpose of improving and expanding the City's existing sewer treatment plant to provide additional capacity and to comply with new Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) rules and regulations. In November 2009, the City issued Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri-Direct Loan Program-ARRA), Series 2009 in the amount not to exceed \$30,789,000. The principal and interest payments for these bonds are payable solely from revenues of the combined waterworks and sewerage system.

### **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 March 1, 2009 in the amount of \$7,350,000.

Capital leases attributable to the operation of the City's golf course remain outstanding as of September 2009 in the amount of \$188,617.

### **Special Obligation Bonds**

In 2009 the City issued \$14,500,000 Special Obligation Bonds (Adams Farm Project), Series 2009 to finance redevelopment projects within the Adams Farm Tax Increment Financing redevelopment area. The bonds are payable solely from the incremental increase in property taxes and sales taxes generated within the Adams Farm Tax Increment Financing Project. Tax increment financing revenues and other pledged revenues are projected to produce sufficient funds to meet the debt service requirements of the bonds. If these revenues are not sufficient to meet the debt service requirements over the life of the bonds, the City, subject to annual appropriation, is obligated to make such debt service payments from any other source of its revenues.

### **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 \$144,378,680.20 and the legal debt margin of the City is \$106,603,680.20.

### **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 2009.

### **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, 2008. 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, 2008 for the fiscal year ended September 30, 2009. 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 2009:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$14,730,559	58.66%
Licenses, Permits & Fees	917,980	3.66
Intergovernmental	2,669,562	10.63
Charges for Services	3,529,059	14.05
Administrative Services	1,452,861	5.79
Fines and Forfeitures	924,640	3.68
Interest	246,404	0.98
Other Revenue	<u>642,082</u>	<u>2.55</u>
TOTAL	<u>\$25,113,147</u>	<u>100.00%</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.

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*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 2009 assessment (the last completed assessment):

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$474,190,733	19%	\$2,495,740,700
Commercial	121,505,173	32	379,703,666
Agricultural	170,782	12	1,423,183
State Assessed	<u>3,689,866</u>	32	<u>11,530,831</u>
Sub-Total	\$599,556,554		\$2,888,398,380
Personal Property	\$121,476,300	33 1/3%*	\$ 364,428,900
State Assessed Railroad	<u>860,547</u>	33 1/3%*	<u>2,581,641</u>
Sub-Total	122,336,847		367,010,541
Total	<u>\$721,893,401</u>		<u>\$3,255,408,921</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>
2009	\$721,893,401	-4.53%
2008	756,158,001	+1.60
2007	744,248,275	+7.13
2006	694,710,373	+2.87
2005	675,307,330	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>
2009	\$0.5489	\$0.15	\$0.6989
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

*Tax Collection Record:*

The following table sets forth tax collection information for the City for the last five fiscal years ended September 30.

Fiscal Year	Total Levy	Taxes Levied	Current and Delinquent Taxes Collected	
			Amount	%
2009	\$0.6989	\$5,754,504	\$5,513,233	95.81%
2008	0.6971	5,195,766	5,107,497	98.30
2007	0.7029	4,939,713	4,904,858	99.29
2006	0.7027	4,762,600	4,733,803	99.40
2005	0.7140	4,430,699	4,408,020	99.49

**Major Property Taxpayers**

The following table sets forth the ten largest property taxpayers in the City during the calendar year 2009 based upon the 2009 assessed valuation.

	<u>Name of Taxpayer Assessed</u>	<u>Local Assessed Valuation</u>	<u>Percentage of Total</u>
1.	Wal-Mart Stores, Inc.	\$ 5,128,926	0.71%
2.	George and Jeanette Ward	4,018,141	0.56
3.	KCPL – Greater Mo. Oper. Com.	3,435,771	0.48
4.	HD Development of Maryland, Inc.	2,014,811	0.28
5.	Haldex Brake Products	1,919,707	0.27
6.	Fike Metal Products Corp.	1,819,044	0.25
7.	Southern Union Company	1,753,311	0.24
8.	St. Mary’s Hospital	1,600,001	0.22
9.	Akers Apartment LLC	1,529,975	0.21
10.	Blue Springs Development Three Inc.	<u>1,337,568</u>	<u>0.19</u>
		<u>\$24,557,255</u>	<u>3.40%</u>

Source: Collection Department, Jackson County, Missouri.

**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>
2009	\$8,843,215
2008	10,119,903
2007	10,057,093
2006	9,690,850
2005	9,587,464

Source: City’s Comprehensive Annual Financial Report, FY 2009.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE CITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**



**CITY OF BLUE SPRINGS, MISSOURI  
For The Fiscal Year Ended  
September 30, 2009**



**CITY OF BLUE SPRINGS, MISSOURI**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

**For The Fiscal Year Ended**  
**September 30, 2009**

**Prepared by the Finance Department**



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**CITY OF BLUE SPRINGS, MISSOURI**

Comprehensive Annual Financial Report

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**CITY OF BLUE SPRINGS, MISSOURI**

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# Introductory Section

**City of Blue Springs, Missouri**  
**Principal Officials**

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**Mayor and City Council**

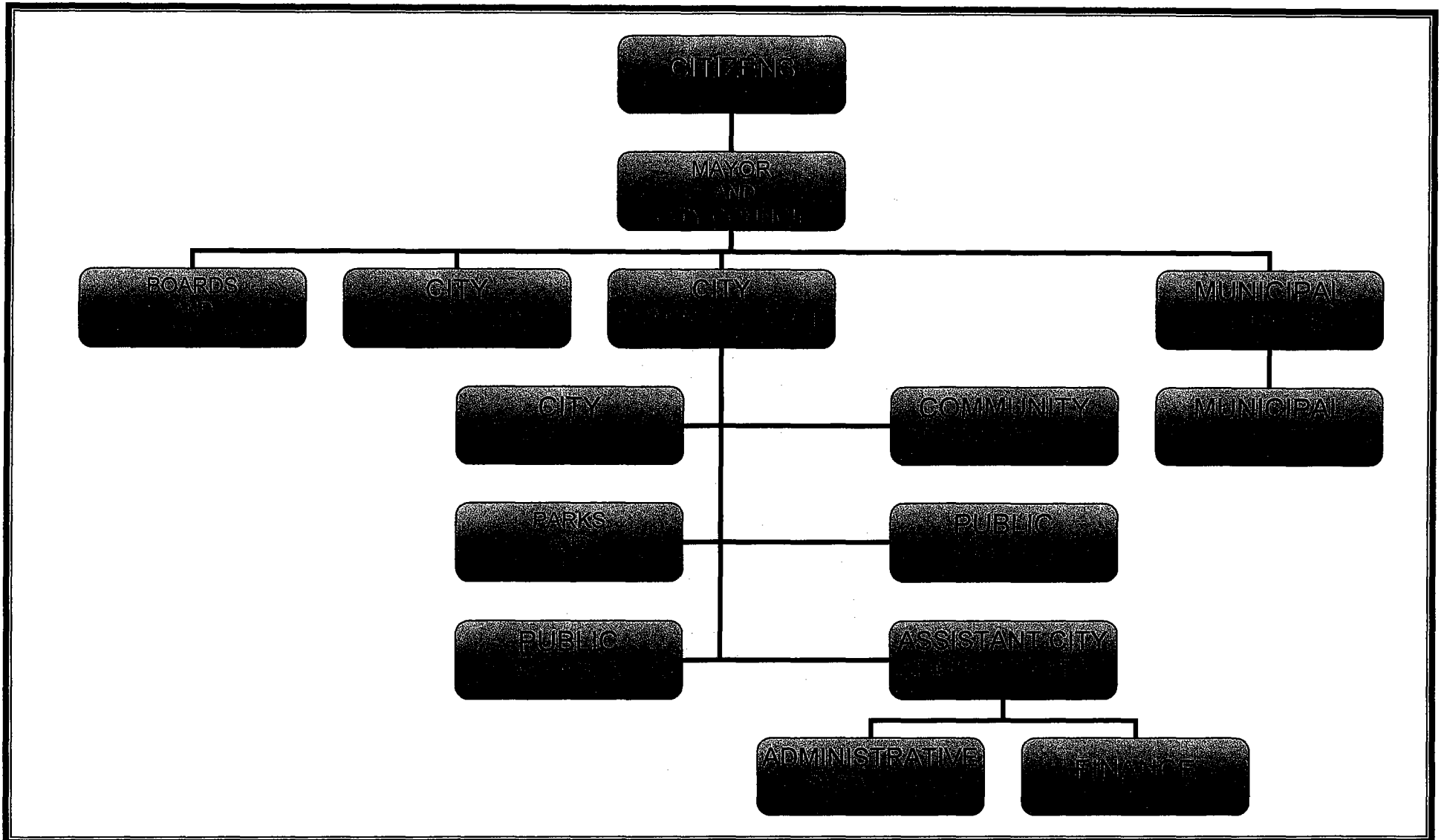
**Honorable Carson Ross, Mayor**

Honorable Jeanie Lauer	District I
Honorable Lyle Shaver	District I
Honorable Mary (Sissy) Reed	District II
Honorable Kent Edmondson	District II
Honorable Sheila Solon	District III
Honorable Ronald Fowler	District III

**Administration**

Eric Johnson	City Administrator
Todd Pelham	Assistant City Administrator
Bob McDonald	City Attorney
Christine Cates	Director of Finance
Dan Hood	Information Technology Director
Sue Heiman	Director of Human Resources
Wayne McCoy	Chief of Police
Oliver DeGrate	Director of Public Works
Roscoe Righter	Director of Parks and Recreation
Scott Allen	Director of Community Development

# City of Blue Springs, Missouri Organizational Chart





The City of  
**Blue Springs**

*Missouri*

January 26, 2010

***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, 2009, 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, 2009, 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.

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 2009 Census estimate revealed an additional increase in population to 55,698, an increase of 15.9% 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, including Water and Sewer capital improvements. The fiscal year 2009-10 budget includes projects totaling an estimated \$50.6 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 Midwest Public Risk (MPR), a not-for-profit corporation, organized in 1984. This organization was previously named Mid-America Regional Council Insurance Trust (MARCIT.) This entity, a consortium of cities and counties, acquires insurance coverage for its members through a purchasing pool. MPR 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 MPR 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 MPR 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 MPR, including loss control. A private corporation administers all claims and marketing. Each city participating in MPR is experience-rated. A third-party insurer supplies some insurance coverage.

The City also has a self-insurance plan covering disability benefits and unemployment insurance benefits.

### **Major initiatives**

In 2008, 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 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. Progress continues to be made on both these projects as well as the Adams Dairy Landing Shopping Center. For 2009, the City has received stimulus funds through the American Recovery and Reinvestment Act to fund several projects. Included is \$3 million for the expansion of the Sewer Plant, \$490,000 in Energy Grant funds and \$378,000 for the overlay of Adams Dairy Parkway. Additional funds will be used to help fund the Ward Park Walking Trail. Moreland School Road extension will be completed with bond funds of \$1,083,000 with the total bond funds for road projects being \$15 million.

### **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, 2008. 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 2009 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, 2008. 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, 2008

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 stylized handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

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

Executive Director

## Financial Section



1251 NW Briarcliff Pkwy  
Suite 125  
Kansas City, MO 64116  
(816) 584-9955  
Fax (816) 584-9958

**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, 2009, 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.

**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

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, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2010, 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 should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and schedules of funding progress 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 22, 2010

A handwritten signature in black ink, appearing to read "Cochran Head" followed by a stylized flourish.

**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009**

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, 2009. 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 \$142,702,441 (net assets). Of this amount, \$15,568,442 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$8.6 million. Business-type activities accounts for an increase of \$17 million in net assets while governmental activities net assets decreased by \$25.6 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,319,299, an increase of \$2,077,476 in comparison with the prior year.
- Approximately 56 percent or \$12,543,173 of the combined governmental fund balances of \$22,319,299 is available for meeting on-going general government expenditures. This is slightly higher than the prior year due to the managing of expenditures below budget. The general fund increased by \$1.2 million.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$2,991,745 or 13 percent of total general fund expenditures.
- The City's total debt increased by \$27,250,515 or 73 percent during the current fiscal year. The key factors in this increase were the certification of developer costs totaling \$12,596,221 and the issuance of Special Obligation Bonds in the amount of \$14,500,000 for the Adams Farm TIF project. In addition, the City refunded Neighborhood Improvement District (NID) Temporary Notes and issued permanent financing in the form of Limited Obligation Bonds for the NID.

### **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, 2009**

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, Parks & Recreation and Economic Development. 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 21-22 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 23-26 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-term 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 27-29 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, Eastern Jackson County Betterment Council, Coronado Drive Transportation Development District (Wal-Mart TDD) and Adams Farm Transportation Development District agency funds.

The basic fiduciary fund financial statements can be found on page 30 of this report.

**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009**

**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 31-54 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 and other supplementary information, including combining statements and individual fund schedules for non-major governmental funds can be found on pages 55-72 of this report. Statistical Information can be found beginning on page 73.

**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			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 28,176,570	\$ 23,714,539	\$ 34,248,055	\$ 15,099,959	\$ 62,424,625	\$ 38,814,498
Capital assets	78,910,891	81,961,050	70,981,497	71,985,246	149,892,388	153,946,296
Total assets	<u>107,087,461</u>	<u>105,675,589</u>	<u>105,229,552</u>	<u>87,085,205</u>	<u>212,317,013</u>	<u>192,760,794</u>
Other liabilities	3,564,717	2,285,047	1,746,272	2,097,127	5,310,989	4,382,174
Long-term debt	40,453,128	14,727,723	23,850,455	22,325,345	64,303,583	37,053,068
Total liabilities	<u>44,017,845</u>	<u>17,012,770</u>	<u>25,596,727</u>	<u>24,422,472</u>	<u>69,614,572</u>	<u>41,435,242</u>
<b>Net assets:</b>						
Investment in capital assets, net of related debt	68,013,508	73,392,096	47,141,204	49,883,666	115,154,712	123,275,762
Restricted	9,902,864	9,141,264	2,076,423	489,099	11,979,287	9,630,363
Unrestricted (deficit)	(14,846,756)	6,129,460	30,415,198	12,289,968	15,568,442	18,419,428
Total net assets	<u>\$ 63,069,616</u>	<u>\$ 88,662,820</u>	<u>\$ 79,632,825</u>	<u>\$ 62,662,733</u>	<u>\$ 142,702,441</u>	<u>\$ 151,325,553</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 \$142,702,441 at September 30, 2009.

The largest portion of the City's net assets \$115,154,712 (81 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 \$11,979,287 (8 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets total \$15,568,442 (11 percent) may be used to meet the government's ongoing obligations to citizens and creditors.



**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009**

**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			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 7,047,691	\$ 6,620,567	\$ 14,597,101	\$ 14,345,895	\$ 21,644,792	\$ 20,966,462
Operating grants and contributions	649,095	684,440	-	-	649,095	684,440
Capital grants and contributions	1,578,255	1,529,944	18,812,221	289,624	20,390,476	1,819,568
General revenues						
Property taxes	5,288,096	5,421,561	-	-	5,288,096	5,421,561
Sales taxes	8,843,215	9,785,439	-	-	8,843,215	9,785,439
Franchise taxes	5,096,487	5,413,715	-	-	5,096,487	5,413,715
Intergovernmental activity taxes	662,481	334,464	-	-	662,481	334,464
Hotel taxes	493,983	591,127	-	-	493,983	591,127
Other taxes	1,995,432	1,759,356	-	-	1,995,432	1,759,356
Unrestricted investment earnings	367,671	894,555	237,530	613,828	605,201	1,508,383
Other	611,431	718,366	-	-	611,431	718,366
Total revenues	<u>32,633,837</u>	<u>33,753,534</u>	<u>33,646,852</u>	<u>15,249,347</u>	<u>66,280,689</u>	<u>49,002,881</u>
Expenses:						
General government	6,722,852	6,622,177	-	-	6,722,852	6,622,177
Public works	1,150,617	1,085,815	-	-	1,150,617	1,085,815
Highways and streets	12,091,281	12,583,751	-	-	12,091,281	12,583,751
Public safety	11,308,429	11,387,848	-	-	11,308,429	11,387,848
Parks and recreation	3,808,823	3,926,097	-	-	3,808,823	3,926,097
Economic development	22,120,492	2,794,979	-	-	22,120,492	2,794,979
Water	-	-	7,691,581	7,028,585	7,691,581	7,028,585
Sewer	-	-	7,438,288	7,248,223	7,438,288	7,248,223
Golf course	-	-	1,850,615	1,920,248	1,850,615	1,920,248
Interest on long-term debt	720,823	768,656	-	-	720,823	768,656
Total expenses	<u>57,923,317</u>	<u>39,169,323</u>	<u>16,980,484</u>	<u>16,197,056</u>	<u>74,903,801</u>	<u>55,366,379</u>
Increase (decrease) in net assets before transfers	(25,289,480)	(5,415,789)	16,666,368	(947,709)	(8,623,112)	(6,363,498)
Transfers	(303,724)	(148,921)	303,724	148,921	-	-
Changes in net assets	(25,593,204)	(5,564,710)	16,970,092	(798,788)	(8,623,112)	(6,363,498)
Net assets, October 1	88,662,820	94,227,530	62,662,733	63,461,521	151,325,553	157,689,051
Net assets, September 30	<u>\$ 63,069,616</u>	<u>\$ 88,662,820</u>	<u>\$ 79,632,825</u>	<u>\$ 62,662,733</u>	<u>\$ 142,702,441</u>	<u>\$ 151,325,553</u>

**Governmental activities.** Several factors caused net assets for governmental activities to decrease by \$25,593,204. Key elements of these changes are as follows:

Economic Development expenses were reclassified in 2009. These costs were previously included with general governmental expenditures. The City also certified developer costs for the Adams Farm, Hwy 7 & 40 Hwy., and Copperleaf Village TIF projects. For the Adams Farm project, certified costs were \$12,629,686.

**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009**

The general government expenses were higher than last year by 1.5% due to slight increases in overall operating expenditures.

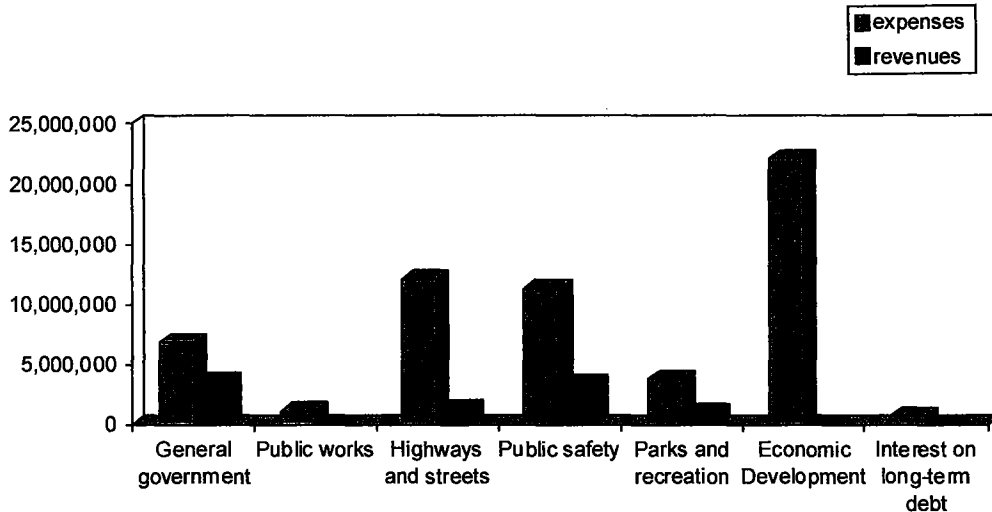
Changes in revenue from 2008 are as follows:

- Sales taxes decreased by \$1,276,668 or 12.6 percent from 2008 due to the fact that total retail sales are down.
- Property taxes decreased by \$133,465 or 2.46 percent during the year. This decrease is due to the economy and the ability of taxpayers to pay property tax bills timely.
- Intergovernmental activity taxes were \$662,481. These Economic Activity Taxes (EATS) and Payments in Lieu of Taxes (PILOT) revenues were previously included with general sales taxes.
- Charges for Services increased by \$427,124 or 6.5 percent in 2009 mostly due to an increase in EMS revenues and Plan Review Fees. EMS revenues continue to increase as a result of the third-party billing company the City engaged as outlined in the 2006 EMS Study. The increase in EMS revenues from 2008 was \$221,142 or 16.5 percent. The increase in plan review fees was \$128,464.
- Franchise taxes decreased by \$317,228 or 5.9 percent. In 2008 settlements were made for wireless communications franchise taxes for Sprint/Nextel and AT&T. As a result, the revenues for that year were much higher.
- Operating Grants and Contributions decreased by \$35,345 or 5.16 percent. This was due to the completion of the HIDTA grant which decreased by \$65,857 and the increase of \$17,596 for the COMBAT Dare Grant and \$18,766 for Jackson County Drug Task Force. In addition, several other small traffic grants were completed in 2009.
- Investment interest earnings decreased by \$526,884 or 58.9 percent due to a decrease in rates earned on investments. The average yield for the City's portfolio was 2.01 percent for 2009. This decrease is in direct relationship to the current overall economy.
- Other income decreased by \$106,935 or 14.9 percent from the prior year. This is in large part due to the decrease in reimbursements under the funding agreement for the Adams Farm project.

**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**

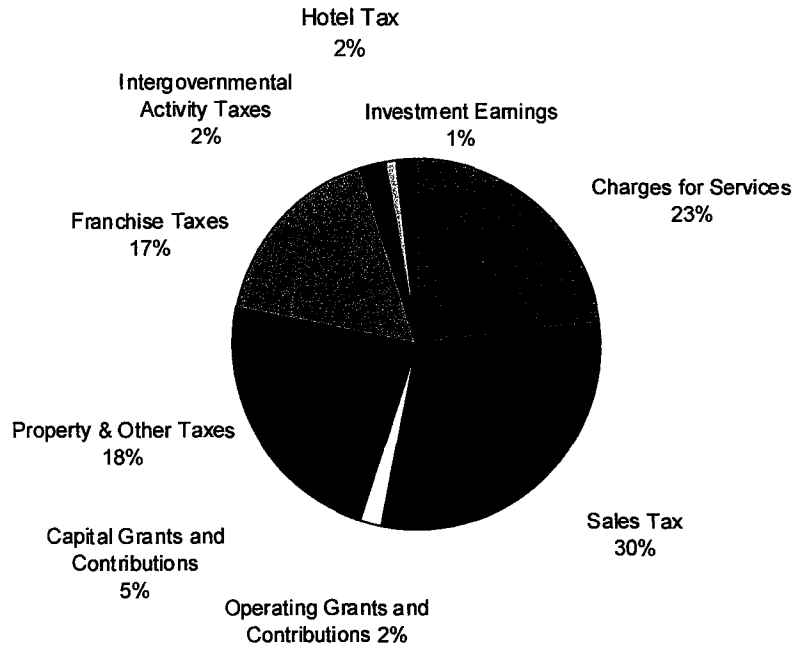


**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009**

**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 increased by \$16,970,092 or 27.1 percent. Key elements of this increase are as follows:

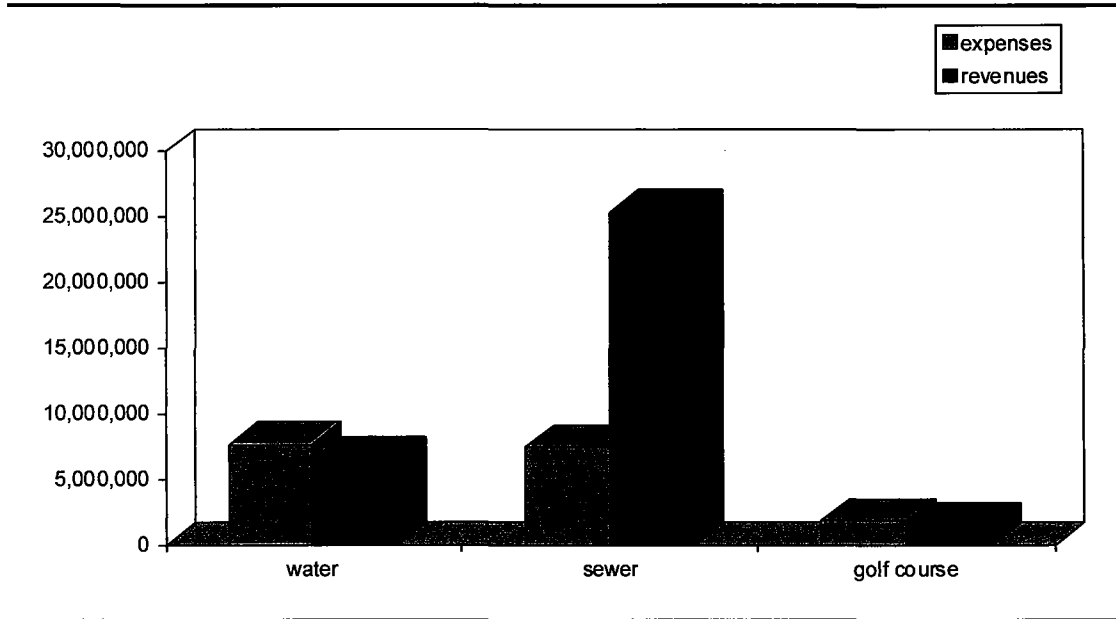
- Capital Grants and Contributions increased by \$18,522,597 over 2008 due to the recording of special assessment amounts due from the property owners related to the issuance of bonds for the Chapman Farms Neighborhood Improvement District in the amount of \$18,725,000.
- Investment interest earnings decreased by \$376,298 or 61 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 \$303,724 from the general fund to assist in covering the cost of debt service for the year.
- Water expenditures increased by \$662,996 or 9.4 percent due to an increase in material and supplies. The city saved funds over the last couple years in order to enter into a multi-year contract for the maintenance of water mains.

**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
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**Expenses and Program Revenues – Business-Type Activities**

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

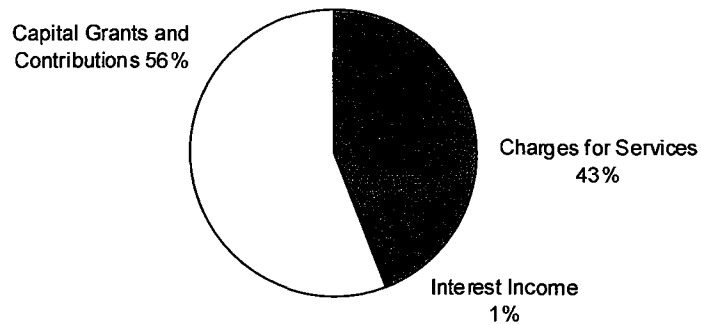
**Table MD-5  
City of Blue Springs' Expenses and Program Revenues-Business-Type Activities**



**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, 2009**

**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 \$22,319,299 an increase of \$2,077,476 in comparison with the prior year. Approximately \$5.8 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 \$2,991,745, while total fund balance increased to \$12,380,669. 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 42 percent of total general fund expenditures, while total fund balance represents 53 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 increased by \$1,239,650 during the current fiscal year. Key factors in this increase are a result of closely monitoring revenues and expenditures throughout the year and are noted as follows:

- Employee pay increases were reduced, two part-time positions were eliminated and several positions were left vacant resulting in Personal Services savings of \$823,250.
- Lower than budgeted fuel costs resulting in savings of \$195,792.
- EMS fee revenue totaled \$1,561,836 exceeding budget by \$561,836.
- Fines and Forfeiture revenue exceeded budget by \$146,461 as a result of an increased number of cases processed and collected by Municipal Court.
- Miscellaneous revenue exceeded budget by \$314,051 primarily due to the receipt of Worker's Compensation rebate of \$90,108, insurance settlements totaling \$70,309, developer reimbursement for funding agreements totaling \$80,496 and Midwest Public Risk incentives totaling \$64,535.

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 \$6,319,753, which is a decrease of \$835,688 from last year. The undesignated fund balance decrease of \$4,026,147 from 2008 is related to projects that were budgeted, but are not yet completed; including the Bike/Ped Plan and design and engineering of the street bond projects.

The Reserved for Encumbrances increase of \$3,182,259 is for two contracts related to the engineering and design services for the Woods Chapel road and intersection improvements. In addition to plan revisions and construction management services for phase 2 of the 7 Hwy project and for the relocation of a high pressure gas line for the 7 Hwy and Colbern intersection project.

**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009**

The Tax Increment Financing (TIF) Fund has five active TIF projects; Fall Creek, Highway 7 & 40 Highway, Copperleaf Village, Woods Chapel and Adams Farm. The total combined fund balance for the TIF Fund is \$1,779,271 of which \$1.5 million is in the Adams Farm TIF. This project encompasses 65 acres of redevelopment that will consist of three projects with total retail and restaurant space of 635,345 square feet. During 2009, the City issued \$14.5 million in Special Obligation Bonds to fund infrastructure improvements for the district. An additional \$12.6 million of developer costs were certified during the year and a second bond issue is expected to occur in 2010 to fund these improvements.

The Fall Creek project, approved in 1998, comprises 40 acres proposed to contain redevelopment of 202,000 square feet of retail space. The project is being funded through CID bonds. For 2009, expenditures exceeded revenues by \$60,133 primarily due to protested property taxes by Fall Creek property owners.

The Copperleaf Village TIF, approved in 2005, is a developer financed project established to redevelop a deteriorated 20,820 square foot shopping center. The project is operational; though two pad sites have not yet been completed as contemplated in the TIF Plan. As a result, taxes for the project were \$10,000 under budget. The fund balance for 2009 is \$88,034 of which \$87,000 will be paid to the developer upon completion of various project requirements.

Highway 7 & 40 Highway TIF is also a developer financed. Approved in 2007, the 25 acre Plan includes two redevelopment project areas with a total of 134,000 square feet of grocery and retail space. Only project B has been activated for this TIF. In 2009, costs were certified in the amount of \$474,601 bringing total costs certified to \$1,569,512.

The Woods Chapel project was approved in 2008 to redevelop 26 acres of land for approximately 154,825 square feet of retail space and a bank. The project is still in the preliminary stage; therefore with only one business currently in the district, baseline tax was not reached in 2009. The only EATS generated were a result of a new sales tax implemented by the local fire district in January 2009.

**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 \$7,591,486 and \$24,564,586 respectively. The golf course fund has an unrestricted net assets deficit of \$1,740,874. This is an increase of \$183,314 over last year. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights:**

During the year there was a \$764,610 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$45,925 supplemental appropriation for building security, GPS units for patrol cars, and a contract with an armored car service to transport City deposits to the bank.
- \$111,000 supplemental appropriation for the completion of the Brownfields Grant.
- \$2,805 supplemental appropriation to account for funds that were donated from the Vesper Hall Site Council for the City for the purchase of a treadmill to be used at the City's senior center.
- \$2,700 supplemental appropriation for the donations collected that will be used to purchase a character costume for use during the Police Department's National Night Out Against Crime.
- \$2,180 supplemental appropriation for the replacement of carpet and minor facility repairs at the Community Youth Outreach Unit building.
- \$600,000 supplemental appropriation for payment to the Blue Springs Economic Development Corporation for the Missouri Innovation Park.

**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009**

The variance between the listed supplemental appropriations and the total budget is the carryover encumbrances. Unreserved fund balance was used to pay for the payment for the Missouri Innovation Park while other increases were possible because of additional anticipated revenues and appropriations from specific designated fund balance accounts. Those revenues include an increase in EMS fees, fines and forfeitures, Worker's compensation rebate and insurance settlements. Total expenditures were \$1,629,841 under budget for the year as a result of close monitoring of the expenditures throughout 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, 2009, amounts to \$149,892,388, 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 \$4,053,908 or 2.6 percent (a 1.4 percent decrease for business-type activities and a 3.7 percent decrease for governmental activities). The decrease is a result of depreciation expense exceeding current year capital additions. Significant capital asset additions include additional construction in progress for the Bikeway & Pedestrian Trail Project, Coronado Drive & E. R D Mize Road improvements and Woods Chapel Road improvements.

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land and land rights	\$ 10,563,331	\$ 10,210,021	\$ 3,647,743	\$ 3,582,368	\$ 14,211,074	\$ 13,792,389
Construction in progress	8,014,242	3,713,812	2,398,396	966,848	10,412,638	4,680,660
Buildings and improvements	5,968,468	6,750,270	6,334,072	6,533,163	12,302,540	13,283,433
Equipment and vehicles	1,484,701	2,112,312	803,589	1,175,999	2,288,290	3,288,311
Infrastructure	52,880,149	59,174,635	57,797,697	59,726,868	110,677,846	118,901,503
<b>Total</b>	<b>\$ 78,910,891</b>	<b>\$ 81,961,050</b>	<b>\$ 70,981,497</b>	<b>\$ 71,985,246</b>	<b>\$ 149,892,388</b>	<b>\$ 153,946,296</b>

Additional information on the City's capital assets can be found in Note 6 on pages 41-43 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 \$64,303,583. Of this amount, \$5,219,470, comprises debt backed by the full faith and credit of the government and \$18,725,000 is Neighborhood Improvement District debt for which the government is liable in the event of default by the property owners subject to the assessment. The Certificates of Participation debt outstanding total of \$7,350,000 is subject to annual appropriation by the City and was used to finance the City's golf course and conference center. In 2009, the City issued \$14,500,000 in Special Obligation Bonds to pay for infrastructure improvements related to the Adams Farm TIF. Subject to annual appropriation, the City collects TIF revenues on behalf of the district and transfers those revenues for repayment of this debt. 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 & Copperleaf Village TIFs and additional certified costs for the Adams Farm TIF.

The City's total debt increased by \$27,250,515 (73.5 percent) during the current fiscal year. The key factors in this increase were the certification of costs totaling \$12,596,221 for the City's various TIF projects, the issuance of \$14.5 million in Series 2009 Special Obligation Bonds for the Adams Farm TIF project and the retirement of \$17,490,000 in Neighborhood Improvement District (NID) Temporary Notes by issuing \$18,725,000 in Limited Obligation Bonds for the NID.

**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009**

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Capitalized leases	\$ -	\$ -	\$ 188,617	\$ 278,350	\$ 188,617	\$ 278,350
General Obligation Bonds	5,219,470	5,970,000	-	-	5,219,470	5,970,000
Compensated Absences	593,284	619,525	-	-	593,284	619,525
Development Agreements	17,640,688	5,332,892	-	-	17,640,688	5,332,892
Certificates of Participation	2,835,000	3,075,000	4,515,000	4,725,000	7,350,000	7,800,000
Neighborhood Improvement Bonds	-	-	18,725,000	17,490,000	18,725,000	17,490,000
Deferred amount on refunding	(293,391)	(322,730)	(162,428)	(173,257)	(455,819)	(495,987)
Net OPEB obligation	102,111	53,036	10,162	5,252	112,273	58,288
Special Obligation bonds	14,500,000	-	-	-	14,500,000	-
Discount/Premium on Issuance	(144,034)	-	574,104	-	430,070	-
<b>Total</b>	<b>\$ 40,453,128</b>	<b>\$ 14,727,723</b>	<b>\$ 23,850,455</b>	<b>\$ 22,325,345</b>	<b>\$ 64,303,583</b>	<b>\$ 37,053,068</b>

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 limit for the City is \$151,231,600.

Additional information regarding the City's long-term debt can be found in Note 7 on pages 43-48 of this report.

**Economic Factors and Next Year's Budget and Rates**

General Fund revenues for fiscal year 2010 are projected to total \$23,677,997. This represents an overall conservative growth of 1.47 percent. This increase was due to the inclusion of several operating budgeted operating grants for which the City had applied.

General Fund budgeted expenditures are projected to total \$24,779,656 compared to \$24.4 million in fiscal year 2009. This represents a 1.4 percent increase.

Personal Services expenditures are estimated for 2010 using a 1.75 percent salary range adjustment.

All of these factors were considered in preparing the City's budget for the 2010 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to \$2,991,745. The City has not appropriated this amount in the 2010 fiscal year.

Since the budget was adopted, the City will continue to prepare and respond to the ongoing 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. In December 2009, the City issued bonds totaling \$46.8 million to fund various street and sewer projects in 2010.



**City of Blue Springs, Missouri  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009**

**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](http://www.bluespringsgov.com).

**CITY OF BLUE SPRINGS, MISSOURI**  
**Statement of Net Assets**  
**September 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals 2009	
<b>Assets</b>				
Cash and investments	\$ 19,710,139	\$ 15,103,987	\$ 34,814,126	\$ 352,492
Receivables (net of allowances for uncollectibles)				
Taxes	2,427,776	-	2,427,776	-
Accounts	1,632,702	1,232,520	2,865,222	8,522
Accrued interest	110,059	55,231	165,290	-
Internal balances	2,000,055	(2,000,055)	-	-
Due from other governments	1,222,528	-	1,222,528	-
Due from primary government	-	-	-	116,000
Inventories	127,350	246,454	373,804	-
Prepaid items	432,109	367,306	799,415	-
Special assessments:				
Due in one year	-	400,000	400,000	-
Due in more than one year	-	18,325,000	18,325,000	-
Unamortized bond issue costs	513,852	517,612	1,031,464	-
Capital Assets:				
Land and construction in progress, non-depreciable	18,577,573	6,046,139	24,623,712	-
Other capital assets, net of depreciation	60,333,318	64,935,358	125,268,676	16,087
<b>Total assets</b>	<b>107,087,461</b>	<b>105,229,552</b>	<b>212,317,013</b>	<b>493,101</b>
<b>Liabilities</b>				
Accounts payable	2,008,116	1,010,748	3,018,864	32,819
Accrued liabilities	622,861	98,232	721,093	20,932
Due to component unit	116,000	-	116,000	-
Court bonds	60,037	-	60,037	-
Accrued interest	94,718	118,267	212,985	-
Customer deposits	662,985	445,984	1,108,969	-
Unearned revenue	-	73,041	73,041	-
Short-term note payable	-	-	-	99,604
Noncurrent liabilities:				
Due in one year	1,368,614	724,787	2,093,401	-
Due in more than one year	39,084,514	23,125,668	62,210,182	-
<b>Total liabilities</b>	<b>44,017,845</b>	<b>25,596,727</b>	<b>69,614,572</b>	<b>153,355</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	68,013,508	47,141,204	115,154,712	16,087
Restricted for:				
Debt service	3,171,450	2,076,423	5,247,873	-
Tourism	363,631	-	363,631	-
Capital projects	6,319,753	-	6,319,753	-
Programs and other	48,030	-	48,030	-
Unrestricted (deficit)	(14,846,756)	30,415,198	15,568,442	323,659
<b>Total Net Assets</b>	<b>\$ 63,069,616</b>	<b>\$ 79,632,825</b>	<b>\$ 142,702,441</b>	<b>\$ 339,746</b>

See Accompanying Notes to the Basic Financial Statements.

CITY OF BLUE SPRINGS, MISSOURI  
Statement of Activities  
September 30, 2009

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		
<b>Governmental Activities:</b>								
General government	\$ 6,722,852	\$ 3,526,012	\$ 4,000	\$ -	\$ (3,192,840)	\$ -	\$ (3,192,840)	\$ -
Public works	1,150,617	50,586	-	-	(1,100,031)	-	(1,100,031)	-
Highways and streets	12,091,281	-	-	1,294,303	(10,796,978)	-	(10,796,978)	-
Public safety	11,308,429	2,826,024	620,095	13,033	(7,849,277)	-	(7,849,277)	-
Parks and recreation	3,808,823	645,069	25,000	270,919	(2,867,835)	-	(2,867,835)	-
Economic development	22,120,492	-	-	-	(22,120,492)	-	(22,120,492)	-
Interest and fiscal charges	720,823	-	-	-	(720,823)	-	(720,823)	-
<b>Total Governmental Activities</b>	<b>57,923,317</b>	<b>7,047,691</b>	<b>649,095</b>	<b>1,578,255</b>	<b>(48,648,276)</b>	<b>-</b>	<b>(48,648,276)</b>	<b>-</b>
<b>Business-Type Activities:</b>								
Water	7,691,581	6,459,597	-	64,670	-	(1,167,314)	(1,167,314)	-
Sewer	7,438,288	6,621,395	-	18,747,551	-	17,930,658	17,930,658	-
Golf course	1,850,615	1,516,109	-	-	-	(334,506)	(334,506)	-
<b>Total Business-Type Activities</b>	<b>16,980,484</b>	<b>14,597,101</b>	<b>-</b>	<b>18,812,221</b>	<b>-</b>	<b>16,428,838</b>	<b>16,428,838</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 74,903,801</b>	<b>\$ 21,644,792</b>	<b>\$ 649,095</b>	<b>\$ 20,390,476</b>	<b>(48,648,276)</b>	<b>16,428,838</b>	<b>(32,219,438)</b>	<b>-</b>
<b>Component Unit:</b>								
Economic development	1,124,443	-	1,092,588	-	-	-	-	(31,855)
<b>Total Component Unit</b>	<b>\$ 1,124,443</b>	<b>\$ -</b>	<b>\$ 1,092,588</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,855)</b>
<b>General Revenues:</b>								
<b>Taxes:</b>								
Sales					8,843,215	-	8,843,215	-
Property					5,288,096	-	5,288,096	-
Franchise					5,096,487	-	5,096,487	-
Intergovernmental activity taxes					662,481	-	662,481	-
Hotel					493,983	-	493,983	-
Other taxes					1,995,432	-	1,995,432	-
Interest					367,671	237,530	605,201	2,114
Miscellaneous					611,431	-	611,431	-
Transfers					(303,724)	303,724	-	-
<b>Total general revenues and transfers</b>					<b>23,055,072</b>	<b>541,254</b>	<b>23,596,326</b>	<b>2,114</b>
<b>Changes in net assets</b>					<b>(25,593,204)</b>	<b>16,970,092</b>	<b>(8,623,112)</b>	<b>(29,741)</b>
<b>Net Assets-Beginning of year</b>					<b>88,662,820</b>	<b>62,662,733</b>	<b>151,325,553</b>	<b>369,487</b>
<b>Net Assets-End of year</b>					<b>\$ 63,069,616</b>	<b>\$ 79,632,825</b>	<b>\$ 142,702,441</b>	<b>\$ 339,746</b>

See Accompanying Notes to the Basic Financial Statements

**CITY OF BLUE SPRINGS, MISSOURI**  
**Balance Sheet - Governmental Funds**  
**September 30, 2009**

	<b>General</b>	<b>Capital Projects</b>	<b>TIF Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and investments	\$ 10,228,414	\$ 5,239,495	\$ 2,507,060	\$ 1,719,750	\$ 19,694,719
Receivables (net of allowances for uncollectibles)					
Taxes	1,922,867	385,211	-	119,698	2,427,776
Accounts	691,900	934,502	-	-	1,626,402
Accrued interest	85,147	21,336	-	3,576	110,059
Interfund receivables	1,673,144	326,911	17,344	-	2,017,399
Due from other governments	268,439	742,084	212,005	-	1,222,528
Prepaid items	338,646	8,200	83,796	-	430,642
Total assets	<u>\$ 15,208,557</u>	<u>\$ 7,657,739</u>	<u>\$ 2,820,205</u>	<u>\$ 1,843,024</u>	<u>\$ 27,529,525</u>
<b>Liabilities</b>					
Accounts payable	\$ 697,814	\$ 210,618	\$ 1,040,934	\$ 3,418	\$ 1,952,784
Accrued liabilities	613,344	-	-	-	613,344
Interfund payable	11,563	5,781	-	-	17,344
Due to component unit	116,000	-	-	-	116,000
Court bonds	60,037	-	-	-	60,037
Customer deposits	662,985	-	-	-	662,985
Deferred revenue	666,145	1,121,587	-	-	1,787,732
Total liabilities	<u>2,827,888</u>	<u>1,337,986</u>	<u>1,040,934</u>	<u>3,418</u>	<u>5,210,226</u>
<b>Fund Balances</b>					
Reserved for:					
Encumbrances	620,666	3,505,283	-	-	4,125,949
Debt service	-	-	1,695,475	1,475,975	3,171,450
Prepaid items	338,646	8,200	83,796	-	430,642
Restricted programs	48,030	-	-	-	48,030
Interfund receivables	1,673,144	326,911	-	-	2,000,055
Unreserved:					
Designated for:					
City programs	104,608	-	-	-	104,608
Contingencies	4,816,131	-	-	-	4,816,131
Capital outlay	1,376,726	-	-	-	1,376,726
Insurance	410,973	-	-	-	410,973
Undesignated, reported in:					
General fund	2,991,745	-	-	-	2,991,745
Capital projects fund	-	2,479,359	-	-	2,479,359
Special revenue fund	-	-	-	363,631	363,631
Total fund balances	<u>12,380,669</u>	<u>6,319,753</u>	<u>1,779,271</u>	<u>1,839,606</u>	<u>22,319,299</u>
Total liabilities and fund balances	<u>\$ 15,208,557</u>	<u>\$ 7,657,739</u>	<u>\$ 2,820,205</u>	<u>\$ 1,843,024</u>	<u>\$ 27,529,525</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, 2009**

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

Ending fund balances - total governmental funds	\$ 22,319,299
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	78,910,891
Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements	1,787,732
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	513,852
Accrued interest payable	(94,718)
Long-term debt	(40,452,133)
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 are reported with governmental activities in the statement of net assets	<u>84,693</u>
Total net assets of governmental activities	<u><u>\$ 63,069,616</u></u>

See Accompanying Notes to the Basic Financial Statements.

**CITY OF BLUE SPRINGS, MISSOURI**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended September 30, 2009**

	General	Capital Projects	TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 14,730,559	\$ 2,774,401	\$ 110,151	\$ 1,633,856	\$ 19,248,967
Intergovernmental activity taxes	-	-	662,481	-	662,481
Licenses and permits	917,980	-	-	-	917,980
Intergovernmental revenues	2,669,562	1,223,951	-	-	3,893,513
Charges for services	3,529,059	-	-	-	3,529,059
Administrative charges	1,452,861	-	-	-	1,452,861
Fines and forfeits	924,640	-	-	-	924,640
Interest	246,404	93,280	368	27,619	367,671
Donations	46,364	36,452	-	-	82,816
Other	595,718	91,500	-	-	687,218
Total revenues	<u>25,113,147</u>	<u>4,219,584</u>	<u>773,000</u>	<u>1,661,475</u>	<u>31,767,206</u>
<b>Expenditures:</b>					
Current:					
General government	6,036,300	-	-	158,990	6,195,290
Public works	888,418	-	-	-	888,418
Highways and streets	2,067,920	-	-	-	2,067,920
Public safety	10,821,665	-	-	-	10,821,665
Parks	3,545,496	-	-	-	3,545,496
Economic development	-	-	12,660,575	-	12,660,575
Capital outlay	-	5,305,272	-	-	5,305,272
Debt service:					
Principal retirement	-	-	288,425	990,530	1,278,955
Interest and fiscal charges	-	-	642,109	368,611	1,010,720
Total expenditures	<u>23,359,799</u>	<u>5,305,272</u>	<u>13,591,109</u>	<u>1,518,131</u>	<u>43,774,311</u>
Excess of revenues over (under) expenditures	<u>1,753,348</u>	<u>(1,085,688)</u>	<u>(12,818,109)</u>	<u>143,344</u>	<u>(12,007,105)</u>
<b>Other financing sources (uses):</b>					
Issuance of bonds	-	-	14,500,000	-	14,500,000
Discount on bond issuance	-	-	(144,034)	-	(144,034)
Transfers in	559,070	769,044	-	348,254	1,676,368
Transfers out	(1,072,768)	(519,044)	(5,024)	(350,917)	(1,947,753)
Total other financing sources (uses)	<u>(513,698)</u>	<u>250,000</u>	<u>14,350,942</u>	<u>(2,663)</u>	<u>14,084,581</u>
Net change in fund balances	1,239,650	(835,688)	1,532,833	140,681	2,077,476
Fund balances - beginning of year	<u>11,141,019</u>	<u>7,155,441</u>	<u>246,438</u>	<u>1,698,925</u>	<u>20,241,823</u>
Fund balances - end of year	<u>\$ 12,380,669</u>	<u>\$ 6,319,753</u>	<u>\$ 1,779,271</u>	<u>\$ 1,839,606</u>	<u>\$ 22,319,299</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, 2009**

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

Net changes in fund balances - total governmental funds	\$ 2,077,476
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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	5,653,366
Depreciation expense	(8,796,852)

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	93,401
Deferred revenue	773,230

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	1,278,955
Issuance on long-term debt	(14,500,000)
Certified developer obligations	(12,596,221)
Amortization of issuance costs and deferred amounts	475,232
Change in accrued interest payable	(41,301)

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	26,241
Change in other post employment benefit obligations	(48,594)

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

<u>11,863</u>
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Total changes in net assets of governmental activities	<u>\$ (25,593,204)</u>
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**CITY OF BLUE SPRINGS, MISSOURI**  
**Statement of Net Assets -**  
**Proprietary Funds**  
**September 30, 2009**

	<b>Business - Type Activities - Enterprise Funds</b>			<b>Total</b>	<b>Governmental</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Golf Fund</b>		<b>Activities - Internal Service Fund</b>
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 7,604,226	\$ 6,873,091	\$ 626,670	\$ 15,103,987	\$ 15,420
Receivables (net of allowances for uncollectibles)					
Accounts	518,932	689,418	24,170	1,232,520	6,300
Accrued interest	25,059	30,172	-	55,231	-
Special assessments	-	400,000	-	400,000	-
Inventory	149,404	26,478	70,572	246,454	127,350
Prepaid items	180,291	174,199	12,816	367,306	1,467
Total current assets	<u>8,477,912</u>	<u>8,193,358</u>	<u>734,228</u>	<u>17,405,498</u>	<u>150,537</u>
Noncurrent assets:					
Unamortized bond issue costs	-	351,074	166,538	517,612	-
Noncurrent special assessments	-	18,325,000	-	18,325,000	-
Capital Assets:					
Land and construction in progress, non-depreciable	1,278,819	2,516,877	2,250,443	6,046,139	-
Other capital assets, net of depreciation	20,823,933	37,324,100	6,787,325	64,935,358	-
Total noncurrent assets	<u>22,102,752</u>	<u>58,517,051</u>	<u>9,204,306</u>	<u>89,824,109</u>	<u>-</u>
Total assets	<u>30,580,664</u>	<u>66,710,409</u>	<u>9,938,534</u>	<u>107,229,607</u>	<u>150,537</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	416,176	574,917	19,655	1,010,748	55,332
Accrued liabilities	35,722	34,831	27,679	98,232	9,517
Accrued interest	-	102,879	15,388	118,267	-
Customer deposits	428,085	-	17,899	445,984	-
Unearned revenue	-	-	73,041	73,041	-
Long-term debt due in one year	-	429,568	295,219	724,787	-
Total current liabilities	<u>879,983</u>	<u>1,142,195</u>	<u>448,881</u>	<u>2,471,059</u>	<u>64,849</u>
Noncurrent liabilities:					
Interfund payable	-	-	2,000,055	2,000,055	-
Long-term debt	6,443	18,873,254	4,245,971	23,125,668	995
Total noncurrent liabilities	<u>6,443</u>	<u>18,873,254</u>	<u>6,246,026</u>	<u>25,125,723</u>	<u>995</u>
Total liabilities	<u>886,426</u>	<u>20,015,449</u>	<u>6,694,907</u>	<u>27,596,782</u>	<u>65,844</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	22,102,752	20,541,874	4,496,578	47,141,204	-
Restricted for:					
Debt service	-	1,588,500	487,923	2,076,423	-
Unrestricted (deficit)	7,591,486	24,564,586	(1,740,874)	30,415,198	84,693
	<u>\$ 29,694,238</u>	<u>\$ 46,694,960</u>	<u>\$ 3,243,627</u>	<u>\$ 79,632,825</u>	<u>\$ 84,693</u>



**CITY OF BLUE SPRINGS, MISSOURI**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets -**  
**Proprietary Funds**  
**For the Year Ended September 30, 2009**

	<b>Business - Type Activities - Enterprise Funds</b>			<b>Total</b>	<b>Governmental</b>
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Golf Course</b>		<b>Activities - Internal Service Fund</b>
<b>Operating revenues:</b>					
Charges for services	\$ 6,435,441	\$ 6,343,318	\$ 1,477,392	\$ 14,256,151	\$ 900,975
Other	24,156	278,077	38,717	340,950	-
Total operating revenues	<u>6,459,597</u>	<u>6,621,395</u>	<u>1,516,109</u>	<u>14,597,101</u>	<u>900,975</u>
<b>Operating expenses:</b>					
Personal services	778,072	760,091	577,124	2,115,287	124,704
Administrative and support services	731,261	721,599	-	1,452,860	-
Materials and supplies	1,101,358	665,007	347,020	2,113,385	471,074
Purchased water and sewer services	3,410,237	1,431,408	-	4,841,645	-
Contractual services	725,099	1,140,120	366,341	2,231,560	260,920
Utilities	43,668	307,987	-	351,655	-
Depreciation	901,886	1,563,280	347,075	2,812,241	75
Total operating expenses	<u>7,691,581</u>	<u>6,589,492</u>	<u>1,637,560</u>	<u>15,918,633</u>	<u>856,773</u>
Operating income (loss)	<u>(1,231,984)</u>	<u>31,903</u>	<u>(121,451)</u>	<u>(1,321,532)</u>	<u>44,202</u>
<b>Nonoperating revenues (expenses):</b>					
Interest income	124,229	111,198	2,103	237,530	-
Interest expense and fiscal charges	-	(848,796)	(213,055)	(1,061,851)	-
Total nonoperating revenues (expenses)	<u>124,229</u>	<u>(737,598)</u>	<u>(210,952)</u>	<u>(824,321)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(1,107,755)</u>	<u>(705,695)</u>	<u>(332,403)</u>	<u>(2,145,853)</u>	<u>44,202</u>
Capital contributions	64,670	22,551	-	87,221	-
Special assessments	-	18,725,000	-	18,725,000	-
Transfers in	250,832	-	303,724	554,556	-
Transfers out	-	(250,832)	-	(250,832)	(32,339)
Change in net assets	<u>(792,253)</u>	<u>17,791,024</u>	<u>(28,679)</u>	<u>16,970,092</u>	<u>11,863</u>
Total net assets-beginning of year	<u>30,486,491</u>	<u>28,903,936</u>	<u>3,272,306</u>	<u>62,662,733</u>	<u>72,830</u>
Total net assets-end of year	<u>\$ 29,694,238</u>	<u>\$ 46,694,960</u>	<u>\$ 3,243,627</u>	<u>\$ 79,632,825</u>	<u>\$ 84,693</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, 2009**

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Golf Course		Activities Internal Service Fund
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 6,646,009	\$ 6,599,838	\$ 1,508,695	\$ 14,754,542	\$ 905,735
Payments to suppliers and service providers	(5,955,443)	(4,190,671)	(731,104)	(10,877,218)	(738,595)
Payments to employees	(1,216,588)	(758,766)	(571,310)	(2,546,664)	(120,604)
Net cash provided by (used in) operating activities	(526,022)	1,650,401	206,281	1,330,660	46,536
<b>Cash flows from noncapital financing activities:</b>					
Interfund advances/transfers	250,832	(250,832)	303,724	303,724	(32,339)
Net cash provided by (used in) noncapital financing activities	250,832	(250,832)	303,724	303,724	(32,339)
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(646,922)	(1,049,353)	(24,996)	(1,721,271)	-
Proceeds from issuance of debt	-	19,316,351	-	19,316,351	-
Principal payments on debt	-	(17,490,000)	(299,733)	(17,789,733)	-
Interest payments on debt	-	(1,132,777)	(191,647)	(1,324,424)	-
Net cash (used in) capital and related financing activities	(646,922)	(355,779)	(516,376)	(1,519,077)	-
<b>Cash flows from investment activities:</b>					
Purchases of investments	(10,694,190)	(5,634,266)	-	(16,328,456)	-
Sale of investments	11,211,000	6,195,000	-	17,406,000	-
Interest on investments	191,804	134,419	2,103	328,326	-
Net cash provided by (used in) investing activities	708,614	695,153	2,103	1,405,870	-
Net increase (decrease) in cash and cash equivalents	(213,498)	1,738,943	(4,268)	1,521,177	14,197
Cash and cash equivalents at beginning of year	1,017,444	1,417,079	630,938	3,065,461	1,223
Cash and cash equivalents at end of year	\$ 803,946	\$ 3,156,022	\$ 626,670	\$ 4,586,638	\$ 15,420
<b>Reconciliation of amounts reported on the statements of net assets:</b>					
Cash and cash equivalents	\$ 803,946	\$ 3,156,022	\$ 626,670	\$ 4,586,638	\$ 15,420
Investments	6,800,280	3,717,069	-	10,517,349	-
Total cash and investments	\$ 7,604,226	\$ 6,873,091	\$ 626,670	\$ 15,103,987	\$ 15,420
<b>Reconciliation of cash flows from operating activities:</b>					
Operating income (loss)	\$ (1,231,984)	\$ 31,903	\$ (121,451)	\$ (1,321,532)	\$ 44,202
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	901,886	1,563,280	347,075	2,812,241	75
Change in other post employment benefits	3,113	1,797	-	4,910	481
Changes in assets and liabilities:					
Accounts receivable	149,850	(21,557)	(7,207)	121,086	4,760
Inventories	122,163	7,958	5,056	135,177	10,851
Prepaid items	(19,413)	(12,373)	4,363	(27,423)	935
Payables and accrued expenses	(488,199)	79,393	(21,348)	(430,154)	(14,768)
Customer deposits	36,562	-	542	37,104	-
Deferred revenue	-	-	(749)	(749)	-
Net cash provided by (used in) operating activities	\$ (526,022)	\$ 1,650,401	\$ 206,281	\$ 1,330,660	\$ 46,536
<b>Supplemental Information:</b>					
Noncash capital and related financing activities:					
Contributed capital assets	\$ 64,670	\$ 22,551	\$ -	\$ 87,221	\$ -

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

**September 30, 2009**

<b>Assets</b>	<b>Agency Funds</b>
Cash and investments	\$ 305,320
Accounts receivable	53,343
 Total assets	 <u>\$ 358,663</u>
 <b>Liabilities</b>	
Due to other governments	\$ 314,699
Employee flexible benefit deposits	5,532
Membership Deposits	38,432
 Total liabilities	 <u>\$ 358,663</u>

CITY OF BLUE SPRINGS, MISSOURI  
Notes to the Basic Financial Statements  
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**(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 eleven-member board of which six members are appointed by the City Council. The remaining five 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 consolidated in the accompanying financial statements as it is financially interrelated to the EDC.

CITY OF BLUE SPRINGS, MISSOURI  
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**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.

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

CITY OF BLUE SPRINGS, MISSOURI  
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TIF Fund accounts for resources of the City's tax increment financing activities.

**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 five 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. Coronado Drive TDD Fund and Adams Farm TDD Fund account for funds received by these transportation development districts. 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  
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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. The City also has 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  
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**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.



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**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.
- (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 Mall at Fall Creek TIF project by \$73,590. No budget was adopted for the Adams Farm TIF project, which issued bonds and incurred total expenditures of \$13,007,646.

**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.

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**(2) Deposits and Investments**

At September 30, 2009, the carrying values of deposits and investments are summarized as follows:

Investments:		
Short-term investments held in trust	\$	3,220,570
U.S. government securities		21,118,227
Total investments		24,338,797
Deposits and repurchase obligations		11,123,191
Petty cash		9,950
Total		\$ 35,471,938

Deposits and investments are reflected in the financial statements as follows:

	Government-wide statement of net assets	Fiduciary funds statement of net assets	Total Primary Government	Component Unit	Grand Total
Cash and investments	\$ 34,814,126	\$ 305,320	\$ 35,119,446	\$ 352,492	\$ 35,471,938

*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, 2009
Federal Home Loan Banks	\$ 8,570,815	AAA
Federal National Mortgage	7,025,604	AAA
Fed. Home Loan Mortgage Corporation	3,523,356	AAA
Federal Farm Credit Bureau	1,998,452	AAA
	\$ 21,118,227	

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*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, 2009, 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, 2009.

*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, 2009, the City's investments had the following maturities:

	Fair Value	Investment Maturities (in years)	
		Less Than 1	1 - 5
Investment type:			
Debt Securities			
U.S. agencies	\$ 21,118,227	\$ 3,008,776	\$ 18,109,451
Other Investments:			
Short-term investments held in trust	3,220,570		
Total	<u>\$ 24,338,797</u>		

*Concentration of Credit Risk*

As of September 30, 2009, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total City's investments:

Issuer	Investment Type	Total Fair Value	Percentage
Fed. Home Loan Banks	U.S. agency securities	\$ 8,570,815	41%
Fed. Natl. Mtg.	U.S. agency securities	7,025,604	33%
Fed. Home Loan Mtg.	U.S. agency securities	3,523,356	17%
Fed. Farm Credit Bur.	U.S. agency securities	1,998,452	9%

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**(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, 2009, are for the budget year ended September 30, 2010, 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, 2008, on which the fiscal year ended September 30, 2009, levy was based, was \$756,158,001. During the year ended September 30, 2009, the City collected approximately 96% 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, 2009 were as follows:

	<b>Levy (Dollars)</b>
General Fund	\$ 0.5489
Debt Service Fund	<u>0.1500</u>
Total	<u>\$ 0.6989</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 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 \$6,072,000 of the City's taxes and City sticker fees, resulting in a collection charge of \$60,720 paid by the City to the County for the year ended September 30, 2009.

The City accounts for its collection of County taxes in the Jackson County Tax Fund (an Agency Fund). The City collected and remitted approximately \$17,805,499 of County taxes resulting in collection fees of \$179,039 for the year ended September 30, 2009.

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**(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>Capital Projects</u>	<u>TIF Fund</u>	<u>Other Governmental</u>	<u>Sewer Fund</u>	<u>Internal Service</u>	
General Fund	\$ -	\$ 519,044	\$ 5,024	\$ 2,663	\$ -	\$ 32,339	\$ 559,070
Capital Projects Fund	769,044	-	-	-	-	-	769,044
Other Governmental	-	-	-	348,254	-	-	348,254
Water Fund	-	-	-	-	250,832	-	250,832
Golf Course Fund	303,724	-	-	-	-	-	303,724
<b>Total</b>	<b>\$ 1,072,768</b>	<b>\$ 519,044</b>	<b>\$ 5,024</b>	<b>\$ 350,917</b>	<b>\$ 250,832</b>	<b>\$ 32,339</b>	<b>\$ 2,230,924</b>

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.

Charges for Services

The General Fund provides administrative and other support services for Water and Sewer enterprise funds. Amounts charged to these funds for such services were \$731,261 and \$721,599, respectively.

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

<u>Interfund Receivable</u>	<u>Interfund Payable</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Golf Course</u>	
General Fund	\$ -	\$ -	\$ 1,673,144	\$ 1,673,144
Capital Projects Fund	-	-	326,911	326,911
TIF Fund	11,563	5,781	-	17,344
<b>Total</b>	<b>\$ 11,563</b>	<b>\$ 5,781</b>	<b>\$ 2,000,055</b>	<b>\$ 2,017,399</b>

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 interfund payable of the Capital Projects and General Funds to the TIF Fund represent the TIF Fund's share of sales tax revenue received by the Capital Projects and General Fund. 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.

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**(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>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 10,210,021	\$ 353,310	\$ -	\$ 10,563,331
Construction in progress	3,713,812	5,226,584	926,154	8,014,242
Total capital assets, not being depreciated	<u>13,923,833</u>	<u>5,579,894</u>	<u>926,154</u>	<u>18,577,573</u>
Capital assets, being depreciated				
Buildings & building improvements	20,676,399	29,381	-	20,705,780
Equipment and vehicles	8,688,733	224,299	927,019	7,986,013
Infrastructure	147,964,901	893,720	-	148,858,621
Total capital assets being depreciated	<u>177,330,033</u>	<u>1,147,400</u>	<u>927,019</u>	<u>177,550,414</u>
Less accumulated depreciation for:				
Buildings & building improvements	13,926,129	811,183	-	14,737,312
Equipment and vehicles	6,576,421	797,537	872,646	6,501,312
Infrastructure	88,790,266	7,188,206	-	95,978,472
Total accumulated depreciation	<u>109,292,816</u>	<u>\$ 8,796,926</u>	<u>\$ 872,646</u>	<u>117,217,096</u>
Total capital assets being depreciated, net	<u>68,037,217</u>			<u>60,333,318</u>
Governmental activities capital assets, net	<u>\$ 81,961,050</u>			<u>\$ 78,910,891</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 3,582,368	\$ 65,375	\$ -	\$ 3,647,743
Construction in progress	966,848	1,574,460	142,912	2,398,396
Total capital assets, not being depreciated	<u>4,549,216</u>	<u>1,639,835</u>	<u>142,912</u>	<u>6,046,139</u>
Capital assets, being depreciated				
Buildings & building improvements	10,707,257	-	-	10,707,257
Equipment and vehicles	4,073,706	82,280	26,351	4,129,635
Infrastructure	82,555,916	229,289	-	82,785,205
Total capital assets being depreciated	<u>97,336,879</u>	<u>311,569</u>	<u>26,351</u>	<u>97,622,097</u>
Less accumulated depreciation for:				
Buildings & building improvements	4,174,094	199,091	-	4,373,185
Equipment and vehicles	2,897,707	454,690	26,351	3,326,046
Infrastructure	22,829,048	2,158,460	-	24,987,508
Total accumulated depreciation	<u>29,900,849</u>	<u>\$ 2,812,241</u>	<u>\$ 26,351</u>	<u>32,686,739</u>
Total capital assets being depreciated, net	<u>67,436,030</u>			<u>64,935,358</u>
Business-type activities capital assets, net	<u>\$ 71,985,246</u>			<u>\$ 70,981,497</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Component Unit:</b>				
Capital assets, being depreciated				
Leasehold improvements	\$ -	\$ 6,035	\$ -	\$ 6,035
Equipment	18,257	-	-	18,257
Total capital assets being depreciated	<u>18,257</u>	<u>6,035</u>	<u>-</u>	<u>24,292</u>
Less accumulated depreciation for:				
Leasehold improvements	-	173	-	173
Equipment	1,500	6,532	-	8,032
Total accumulated depreciation	<u>1,500</u>	<u>\$ 6,705</u>	<u>\$ -</u>	<u>8,205</u>
Total capital assets being depreciated, net	<u>\$ 16,757</u>			<u>\$ 16,087</u>

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

<b>Governmental activities:</b>	
General Government	\$ 605,668
Public Works	298,397
Highways & Streets	7,126,382
Public Safety	453,432
Parks	313,047
Total depreciation expense for governmental activities	\$ 8,796,926
 <b>Business-type activities:</b>	
Water Utility	\$ 901,886
Sewer Utility	1,563,280
Golf Course	347,075
Total depreciation expense for business-type activities	\$ 2,812,241
 <b>Component unit:</b>	
Economic Development	\$ 6,705

**(7) Long-term Debt and other Obligations**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
*Compensated absences	\$ 619,525	\$ 636,680	\$ 662,921	\$ 593,284	\$ 593,284
General obligation bonds	5,970,000	-	750,530	5,219,470	369,470
Certificates of Participation	3,075,000	-	240,000	2,835,000	240,000
Deferred amount on refunding	(322,730)	-	(29,339)	(293,391)	(29,339)
Special obligation bonds	-	14,500,000	-	14,500,000	-
Discount on issuance	-	(144,034)	-	(144,034)	(4,801)
Development agreements	5,332,892	12,596,221	288,425	17,640,688	200,000
Net OPEB obligation	53,036	49,075	-	102,111	-
	14,727,723	27,637,942	1,912,537	40,453,128	1,368,614
<b>Business-type Activities:</b>					
Certificates of Participation	4,725,000	-	210,000	4,515,000	210,000
Neighborhood improvement notes	17,490,000	-	17,490,000	-	-
Special assessment - neighborhood improvement bonds	-	18,725,000	-	18,725,000	400,000
Premium on issuance	-	591,351	17,247	574,104	29,568
Capital lease obligations	278,350	-	89,733	188,617	96,047
Deferred amount on refunding	(173,257)	-	(10,829)	(162,428)	(10,828)
Net OPEB obligation	5,252	4,910	-	10,162	-
	22,325,345	19,321,261	17,796,151	23,850,455	724,787
<b>Total primary government</b>	<b>\$ 37,053,068</b>	<b>\$ 46,959,203</b>	<b>\$ 19,708,688</b>	<b>\$ 64,303,583</b>	<b>\$ 2,093,401</b>



CITY OF BLUE SPRINGS, MISSOURI  
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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%	\$ 4,279,470
\$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%	940,000
Total general obligation bonds	5,219,470

**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%	2,835,000
Less: Deferred amount on refunding	(293,391)
	2,541,609

**Special obligation bonds**

\$14,500,000 - 2009 Special Obligation Bonds - Adams Farm Project in installments of \$230,000 to \$1,005,000 through December 1, 2039; interest at 3.0% to 6.375%	14,500,000
Less: discount on issuance	(144,034)
	14,355,966

**Development agreements**

17,640,688

**Compensated absences**

593,284

**Net other post employment obligations**

102,111

Total governmental activities long-term debt	40,453,128
Less: amounts due within one year	(1,368,614)
Total governmental activities long-term debt due in more than one year	\$ 39,084,514

**Special Obligation Bonds and Development Agreements**

The City's Special Obligation Bonds are recorded as a liability of the City to match revenue streams to the related debt for which they have been pledged.

The City and other taxing districts and governmental entities have pledged a portion of future property tax and sales tax revenues to repay \$14.5 million in Series 2009 Special Obligation Bonds issued to finance redevelopment projects within the Adams Farm Tax Increment Financing (TIF) project. The bonds are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plan as well as revenues pledged by other taxing districts through cooperative agreements. TIF revenues and other pledged revenues were projected to produce sufficient funds to meet debt service requirements over the life of the bonds. Should these revenues not be sufficient to meet the required debt service obligations, the City, subject to annual appropriation, is obligated to make such debt service payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. Management does not anticipate that any of the City's funds will be required to make up any deficiency in bond payments during the next fiscal year.

CITY OF BLUE SPRINGS, MISSOURI  
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Additionally, the City has entered into certain developer agreements (four as of September 30, 2009) whereby developer financed 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, 2009, total principal and interest remaining on the Special Obligation Bonds was \$24.7 million and the outstanding developer obligations was \$17.6 million. The bonds are scheduled to mature at varying amounts through 2040 and the developer 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 paid on the bonds and developer obligations totaled \$552,575. Incremental revenues from the City included \$110,151 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, 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%	\$ 4,515,000
Less: Deferred amount on refunding	<u>(162,428)</u>
	<u>4,352,572</u>

**Special Assessments - Neighborhood Improvement Bonds**

Sewer Fund -	
\$18,725,000 - 2009 Neighborhood Improvement District Bonds installments of \$400,000 to \$1,530,000 through February 15, 2029; interest at 3.0% to 5.0%	18,725,000
Premium on issuance	<u>574,104</u>
	19,299,104

<b>Capital lease obligations</b>	<u>188,617</u>
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<b>Net other post employment benefit obligations</b>	<u>10,162</u>
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Total business-type activities long-term debt	23,850,455
Less: amounts due within one year	<u>(724,787)</u>
Total business-type activities long-term due in more than one year	<u>\$ 23,125,668</u>

**CITY OF BLUE SPRINGS, MISSOURI**  
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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, 2009 are as follows:

Year Ending September 30,	Governmental Activities						Total	
	General Obligation Bonds		Certificates of Participation		Special Obligation Bonds		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 369,470	\$ 229,745	\$ 240,000	\$ 109,919	\$ -	\$ 442,254	\$ 609,470	\$ 781,918
2011	810,000	197,789	245,000	102,419	460,000	603,106	1,515,000	903,314
2012	850,000	164,317	255,000	91,394	475,000	589,081	1,580,000	844,792
2013	885,000	128,364	270,000	79,919	510,000	574,306	1,665,000	782,589
2014	915,000	87,418	275,000	70,469	540,000	558,556	1,730,000	716,443
2015-2019	1,390,000	77,664	1,550,000	187,125	3,230,000	2,513,175	6,170,000	2,777,964
2020-2024	-	-	-	-	1,985,000	2,018,244	1,985,000	2,018,244
2025-2029	-	-	-	-	2,450,000	1,550,750	2,450,000	1,550,750
2030-2034	-	-	-	-	2,365,000	896,734	2,365,000	896,734
2035-2039	-	-	-	-	1,480,000	467,875	1,480,000	467,875
2040	-	-	-	-	1,005,000	26,381	1,005,000	26,381
	<b>\$ 5,219,470</b>	<b>\$ 885,297</b>	<b>\$ 2,835,000</b>	<b>\$ 641,245</b>	<b>\$ 14,500,000</b>	<b>\$ 10,240,462</b>	<b>\$ 22,554,470</b>	<b>\$ 11,767,004</b>

Year Ending September 30,	Business-type Activities				Total		Total	
	Certificates of Participation		Neighborhood Impr. Bonds		Business-type Activities		Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 210,000	\$ 184,656	\$ -	\$ 823,030	\$ 210,000	\$ 1,007,686	\$ 609,470	\$ 1,789,604
2011	205,000	178,094	400,000	810,655	605,000	988,749	2,120,000	1,892,063
2012	220,000	168,869	425,000	797,905	645,000	966,774	2,225,000	1,811,566
2013	230,000	158,969	425,000	784,780	655,000	943,749	2,320,000	1,726,338
2014	250,000	150,919	450,000	771,280	700,000	922,199	2,430,000	1,638,642
2015-2019	1,360,000	607,280	450,000	750,530	1,810,000	1,357,810	7,980,000	4,135,774
2020-2024	1,660,000	305,762	4,300,000	3,423,650	5,960,000	3,729,412	7,945,000	5,747,656
2025-2029	380,000	16,625	5,385,000	2,380,585	5,765,000	2,397,210	8,215,000	3,947,960
2030-2034	-	-	6,890,000	891,340	6,890,000	891,340	9,255,000	1,788,074
2035-2039	-	-	-	-	-	-	1,480,000	467,875
2040	-	-	-	-	-	-	1,005,000	26,381
	<b>\$ 4,515,000</b>	<b>\$ 1,771,174</b>	<b>\$ 18,725,000</b>	<b>\$ 11,433,755</b>	<b>\$ 23,240,000</b>	<b>\$ 13,204,929</b>	<b>\$ 45,584,470</b>	<b>\$ 24,971,933</b>

CITY OF BLUE SPRINGS, MISSOURI  
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**Capital Lease Obligations**

The City has entered into capital leasing agreements (two leases as of September 30, 2009) 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 \$502,431 with related accumulated depreciation of \$264,644 as of September 30, 2009.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009 were as follows:

Year ending September 30:		
2010	\$	102,547
2011		87,309
2012		7,509
		197,365
Less imputed interest		(8,748)
Present value of minimum lease payments	\$	188,617

**Restricted Assets**

The 2009 Special Obligation Bonds, 2009 Neighborhood Improvement Bonds, and the 2005 Certificates of Participation trust indentures require the City to establish certain 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>	TIF Fund	COP Debt Service Fund	Sewer Fund	Golf Course Fund	Total
Project Fund	\$ 870,381	\$ -	\$ -	\$ -	\$ 870,381
Capitalized Interest Fund	338,553	-	-	-	338,553
Issuance Fund	147,210	-	-	-	147,210
Debt Service Reserve Fund	1,023,179	353,324	1,588,500	487,923	3,452,926
	\$ 2,379,323	\$ 353,324	\$ 1,588,500	\$ 487,923	\$ 4,809,070

**Legal Debt Margin**

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, 2009, based on the assessed valuation as of January 1, 2008, of \$756,158,001, the constitutional total general obligation debt limit for "City purposes" was \$151,231,600, which, after reduction for outstanding general obligation bonds of \$5,219,470 and neighborhood improvement bonds of \$18,725,000, net of amounts available in the General Obligation Bond Debt Service fund of \$1,053,475, provides a general obligation debt margin of \$128,340,605.

CITY OF BLUE SPRINGS, MISSOURI  
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**Short-Term Note Payable – Component Unit**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retired</b>	<b>Ending Balance</b>
Short-term note payable	\$ 25,010	\$ 74,594	\$ -	\$ 99,604

The short-term note payable consisted of the following at September 30, 2009  
Maturing August 5, 2010:

5.0% Short-term note payable	\$ 99,604
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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 therefrom 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, 2009, there were three series of taxable industrial revenue bonds outstanding, with an aggregate principal amount payable of \$41.2 million (Kohl's \$37 million, Durvet \$1.9 million, and Meyer Lab \$2.3 million).

**(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, 2009, the total minimum payments due to the City are \$439,167, payable as follows:

<b><u>Year Ending September 30:</u></b>	
2010	\$ 85,000
2011	85,000
2012	85,000
2013	85,000
2014	85,000
2015	14,167
Total	\$ 439,167

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.

CITY OF BLUE SPRINGS, MISSOURI  
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**B. Conference Center**

In 1998, the City 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, 2009, 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.

**(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 \$427,918 for the year ended September 30, 2009 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 an EDC Board Member serves as president. In addition to depository services, the financial institution provided the EDC with a short-term note payable during 2009 as described in Note 7. Total bank fees paid during 2009 were \$306, and no fees were outstanding as of September 30, 2009.

**(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.

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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 6.1% (general) and 7.1% (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.

*Annual Pension Cost*

For 2009, the City's annual pension cost of \$723,097 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009 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 28, 2009 was 15 years.

<b>Three-Year Trend Information</b>			
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage Of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/07	\$ 832,870	100 %	\$ -
9/30/08	743,287	100 %	-
9/30/09	723,097	100 %	-

As of February 28, 2009, the most recent actuarial valuation date, the plan was 93 percent funded. The actuarial accrued liability for benefits was \$22,952,179 and the actuarial value of assets was \$21,453,115, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,499,064. The covered payroll (annual payroll of active employees covered by the plan) was \$11,291,832, and the ratio of the UAAL to the covered payroll was 13 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF BLUE SPRINGS, MISSOURI  
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**B. Post Employment Health Benefits**

In addition to providing pension benefits the City provides the post employment healthcare benefits described below.

*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 Midwest Public Risk (MPR), which is a risk pool comprised of approximately 115 entity members. It has been determined that MPR functions as an agent multiple-employer plan.

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 if 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.



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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	\$ 58,469	\$ 4,955	\$ 63,424
Interest on net OPEB obligation	3,182	315	3,497
Adjustment to annual required contribution	(3,635)	(360)	(3,995)
Annual OPEB cost (expense)	<u>58,016</u>	<u>4,910</u>	<u>62,926</u>
Less: Net employer contributions	<u>8,941</u>	<u>-</u>	<u>8,941</u>
Increase in net OPEB obligation	49,075	4,910	53,985
Net OPEB obligation - October 1, 2008	<u>53,036</u>	<u>5,252</u>	<u>58,288</u>
Net OPEB obligation - September 30, 2009	<u>\$ 102,111</u>	<u>\$ 10,162</u>	<u>\$ 112,273</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, 2009 is as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Governmental Activities:				
	9/30/2009	\$ 58,016	15.4%	\$ 102,111
Business-Type Activities:				
	9/30/2009	\$ 4,910	0.0%	\$ 10,162

*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.

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*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 Midwest Public Risk (MPR), formerly Mid-America Regional Council Insurance Trust (MARCIT), a not-for-profit corporation consisting of local governments and political subdivisions. MPR was formed as a public entity risk retention pool to cover health and dental, workers' compensation, and property and casualty claims for its members. MPR 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 MPR for all coverages. The agreement with MPR provides that MPR will be self-sustaining through member premiums. MPR has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MPR has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MPR has not had deficiencies in any of the past three fiscal years.

**D. Street, Wastewater Treatment Plant, and Water Treatment Plant Improvements**

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.

In August 2008, the voters of Blue Springs approved a no tax increase bond issue for \$28 million for improvements to Woods Chapel Road, Moreland School Road and the intersection of Colbern Road and Highway 7. Subsequent to year-end, in December 2009, the City issued \$15 million in General Obligation and Build America Bonds to begin work on these projects. The remaining bonds will be issued in the future as needed for the completion of these projects.

CITY OF BLUE SPRINGS, MISSOURI  
Notes to the Basic Financial Statements  
September 30, 2009

In August 2008, the voters of Blue Springs approved a revenue bonds issue in the amount of \$35 million for the upgrade and expansion of the Sni-A-Bar Wastewater Treatment Plant from the State Revolving Fund of Missouri. The City Council has authorized the issuance of \$30,789,000 from this Fund. In November 2009, the City entered into an agreement with the City of Grain Valley, Missouri which provides that the City of Grain Valley will pay for 47.5% of the debt issued for the expansion.

**E. Contractual Commitments**

The City has commitments resulting from construction contracts totaling approximately \$3,500,000 and \$2,600,000 in the Capital Project and Enterprise Funds, respectively. The City expects to receive the contracted services during fiscal year 2010.

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, 2009, totaled \$1,660,835 and \$760,687 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, 2009, totaled \$988,715.

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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 15,218,793	\$ 15,218,793	\$ 14,730,559	\$ (488,234)
Licenses and permits	882,930	882,930	917,980	35,050
Intergovernmental revenues	2,538,132	2,538,132	2,669,562	131,430
Charges for services	3,058,170	3,058,170	3,529,059	470,889
Administrative charges	1,452,860	1,452,860	1,452,861	1
Fines and forfeits	778,179	778,179	924,640	146,461
Interest	551,377	551,377	246,404	(304,973)
Donations	-	-	46,364	46,364
Other	307,442	307,442	595,718	288,276
Total revenues	<u>24,787,883</u>	<u>24,787,883</u>	<u>25,113,147</u>	<u>325,264</u>
<b>EXPENDITURES</b>				
Current:				
<b>General Government:</b>				
City Council	338,562	338,562	303,862	34,700
Municipal Court	441,701	441,701	380,040	61,661
Legal Services	178,000	178,000	288,037	(110,037)
City Administration	503,566	503,566	421,593	81,973
Public Relations and Communications	218,647	218,647	159,542	59,105
Human Resources	341,676	341,676	322,392	19,284
Economic Development	300,000	900,000	1,037,774	(137,774)
Community Development	763,120	874,120	743,640	130,480
Codes Administration	830,740	830,740	679,870	150,870
Geographic Information Systems	140,753	140,753	109,883	30,870
Finance - Accounting & Budget	598,857	598,857	576,107	22,750
License Bureau	326,812	326,812	315,110	11,702
Revenue Collections	233,181	237,081	181,442	55,639
Information Systems	713,431	713,431	606,030	107,401
	<u>5,929,046</u>	<u>6,643,946</u>	<u>6,125,322</u>	<u>518,624</u>
<b>Public Works:</b>				
Engineering and Administration	1,020,184	1,020,184	863,657	156,527
<b>Highways and Streets:</b>				
Street Maintenance	2,308,117	2,308,117	2,061,848	246,269
<b>Public Safety:</b>				
Police Administration	354,298	356,478	296,193	60,285
Staff Services	1,325,960	1,325,960	1,177,938	148,022
Operations	5,021,355	5,027,355	4,768,255	259,100
Professional Services	1,134,681	1,134,681	1,118,248	16,433
Community Youth Outreach Unit	1,374,189	1,376,889	1,425,447	(48,558)
Emergency Medical Services	2,185,434	2,185,434	2,204,675	(19,241)
	<u>11,395,917</u>	<u>11,406,797</u>	<u>10,990,756</u>	<u>416,041</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES (continued)</b>				
<b>Parks:</b>				
Parks Administration	427,915	427,915	402,804	25,111
Recreation	348,107	348,107	297,326	50,781
Swimming Pools	407,943	407,943	443,780	(35,837)
Parks Maintenance	1,596,551	1,596,551	1,478,166	118,385
Vesper Hall	379,260	382,065	299,467	82,598
Building Maintenance	614,828	650,853	599,511	51,342
	<u>3,774,604</u>	<u>3,813,434</u>	<u>3,521,054</u>	<u>292,380</u>
Total expenditures	24,427,868	25,192,478	23,562,637	1,629,841
Excess (deficiency) of revenues over expenditures	360,015	(404,595)	1,550,510	1,955,105
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	719,185	719,185	559,070	(160,115)
Transfers out	(1,079,200)	(3,759,828)	(1,072,768)	2,687,060
Total other financing sources (uses)	(360,015)	(3,040,643)	(513,698)	2,526,945
Net change in fund balances	<u>\$ -</u>	<u>\$ (3,445,238)</u>	1,036,812	<u>\$ 4,482,050</u>
Fund Balances - Beginning of year			<u>10,723,191</u>	
Fund Balances - End of year - budget basis			11,760,003	
Adjustments:				
Encumbrances			620,666	
Fund balance - End of year - GAAP basis			<u>\$ 12,380,669</u>	
Net change in fund balance - budget basis			\$ 1,036,812	
Adjustments:				
Encumbrances - beginning of year			(417,828)	
Encumbrances - end of year			620,666	
Net change in fund balance - GAAP basis			<u>\$ 1,239,650</u>	

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

**Employee Retirement System**

<u>Year Ended</u>	<u>Actuarial valuation date</u>	<u>(a) Actuarial value of assets</u>	<u>(b) Actuarial accrued liability (AAL)</u>	<u>(b) - (a) Unfunded AAL (UAAL)</u>	<u>(a)/(b) Funded ratio</u>	<u>(c) Annual covered payroll</u>	<u>(b)-(a)/(c) UAAL as a percentage of covered payroll</u>
9/30/2007	2/28/2007	\$ 23,601,358	\$ 21,049,539	\$ (2,551,819)	112%	\$ 10,740,627	-24%
9/30/2008	2/29/2008	25,408,654	22,436,156	(2,972,498)	113%	11,337,520	-26%
9/30/2009	2/28/2009	21,453,115	22,952,179	1,499,064	93%	11,291,832	13%

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.

**Other Post Employment Benefits**

<u>Year Ended</u>	<u>Actuarial valuation date</u>	<u>(a) Actuarial value of assets</u>	<u>(b) Actuarial accrued liability (AAL)</u>	<u>(b) - (a) Unfunded AAL (UAAL)</u>	<u>(a)/(b) Funded ratio</u>	<u>(c) Annual covered payroll</u>	<u>(b)-(a)/(c) UAAL as a percentage of covered payroll</u>
9/30/2008	January 1, 2007	\$ -	\$ 335,543	\$ 335,543	0.00%	\$ 9,843,910	3.4%
9/30/2009	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.

**CITY OF BLUE SPRINGS, MISSOURI**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**September 30, 2009**

<b>Assets</b>	<b>Hotel Motel Tax</b>	<b>General Obligation</b>	<b>C.O.P. Debt Service</b>	<b>Total Other Governmental Funds</b>
Cash and investments	\$ 286,019	\$ 1,011,231	\$ 422,500	\$ 1,719,750
Receivables (net of allowances for uncollectibles)				
Taxes	77,612	42,086	-	119,698
Accrued interest	-	3,576	-	3,576
<b>Total assets</b>	<b>\$ 363,631</b>	<b>\$ 1,056,893</b>	<b>\$ 422,500</b>	<b>\$ 1,843,024</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 3,418	\$ -	\$ 3,418
<b>Total liabilities</b>	<b>-</b>	<b>3,418</b>	<b>-</b>	<b>3,418</b>
<b>Fund Balances</b>				
Reserved for:				
Debt service	-	1,053,475	422,500	1,475,975
Unreserved:				
Special revenue fund	363,631	-	-	363,631
<b>Total fund balances</b>	<b>363,631</b>	<b>1,053,475</b>	<b>422,500</b>	<b>1,839,606</b>
 <b>Total liabilities and fund balance</b>	 <b>\$ 363,631</b>	 <b>\$ 1,056,893</b>	 <b>\$ 422,500</b>	 <b>\$ 1,843,024</b>

**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, 2009**

	Hotel Motel Tax	General Obligation	C.O.P. Debt Service	Total Other Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 493,983	\$ 1,139,873	\$ -	\$ 1,633,856
Interest	1,735	24,932	952	27,619
Total revenues	<u>495,718</u>	<u>1,164,805</u>	<u>952</u>	<u>1,661,475</u>
<b>Expenditures:</b>				
Current:				
General government	140,000	18,990	-	158,990
Debt service:				
Principal retirement	-	750,530	240,000	990,530
Interest and fiscal charges	-	247,889	120,722	368,611
Total expenditures	<u>140,000</u>	<u>1,017,409</u>	<u>360,722</u>	<u>1,518,131</u>
Excess of revenues over (under) expenditures	<u>355,718</u>	<u>147,396</u>	<u>(359,770)</u>	<u>143,344</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	348,254	348,254
Transfers (out)	(350,917)	-	-	(350,917)
Total other financing sources (uses)	<u>(350,917)</u>	<u>-</u>	<u>348,254</u>	<u>(2,663)</u>
Net change in fund balances	4,801	147,396	(11,516)	140,681
Fund balances - beginning of year	<u>358,830</u>	<u>906,079</u>	<u>434,016</u>	<u>1,698,925</u>
Fund balances - end of year	<u>\$ 363,631</u>	<u>\$ 1,053,475</u>	<u>\$ 422,500</u>	<u>\$ 1,839,606</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 581,788	\$ 581,788	\$ 493,983	\$ (87,805)
Interest	10,308	10,308	1,735	(8,573)
Total revenues	<u>592,096</u>	<u>592,096</u>	<u>495,718</u>	<u>(96,378)</u>
<b>EXPENDITURES</b>				
Current:				
General government	150,000	150,000	140,000	10,000
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>140,000</u>	<u>10,000</u>
Excess (deficiency) of revenues over expenditures	<u>442,096</u>	<u>442,096</u>	<u>355,718</u>	<u>(86,378)</u>
<b>OTHER FINANCING (USES)</b>				
Transfers out	(451,182)	(451,182)	(350,917)	100,265
Total other financing sources (uses)	<u>(451,182)</u>	<u>(451,182)</u>	<u>(350,917)</u>	<u>100,265</u>
Net change in fund balances	<u>\$ (9,086)</u>	<u>\$ (9,086)</u>	4,801	<u>\$ 13,887</u>
Fund Balances - Beginning of year			<u>358,830</u>	
Fund Balances - End of year			<u>\$ 363,631</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,133,916	\$ 1,133,916	\$ 1,139,873	\$ 5,957
Interest income	44,238	44,238	24,932	(19,306)
Total revenues	<u>1,178,154</u>	<u>1,178,154</u>	<u>1,164,805</u>	<u>(13,349)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	18,990	(18,990)
Debt Service:				
Principal retirement	755,000	755,000	750,530	4,470
Interest and fiscal charges	280,645	280,645	247,889	32,756
Total expenditures	<u>1,035,645</u>	<u>1,035,645</u>	<u>1,017,409</u>	<u>18,236</u>
Net change in fund balances	<u>\$ 142,509</u>	<u>\$ 142,509</u>	147,396	<u>\$ 4,887</u>
Fund Balances - Beginning of year			<u>906,079</u>	
Fund Balances - End of year			<u>\$ 1,053,475</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest	\$ 16,400	\$ 16,400	\$ 952	\$ (15,448)
Total revenues	16,400	16,400	952	(15,448)
<b>EXPENDITURES</b>				
Debt Service:				
Principal retirement	240,000	240,000	240,000	-
Interest and fiscal charges	124,919	124,919	120,722	4,197
Total expenditures	364,919	364,919	360,722	4,197
Excess (deficiency) of revenues over expenditures	(348,519)	(348,519)	(359,770)	(11,251)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	348,519	348,519	348,254	(265)
Total other financing sources (uses)	348,519	348,519	348,254	(265)
Net change in fund balances	\$ -	\$ -	(11,516)	\$ (11,516)
Fund Balances - Beginning of year			434,016	
Fund Balances - End of year			<u>\$ 422,500</u>	

**CITY OF BLUE SPRINGS, MISSOURI**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Projects Fund**  
**For the Year Ended September 30, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,090,600	\$ 3,090,600	\$ 2,774,401	\$ (316,199)
Intergovernmental revenues	799,640	1,931,918	1,223,951	(707,967)
Interest	206,000	206,000	93,280	(112,720)
Donations	-	-	36,452	36,452
Other	85,000	85,000	91,500	6,500
Total revenues	<u>4,181,240</u>	<u>5,313,518</u>	<u>4,219,584</u>	<u>(1,093,934)</u>
<b>EXPENDITURES</b>				
Capital outlay	5,602,477	11,132,522	8,487,531	2,644,991
Total expenditures	<u>5,602,477</u>	<u>11,132,522</u>	<u>8,487,531</u>	<u>2,644,991</u>
Excess (deficiency) of revenues over expenditures	<u>(1,421,237)</u>	<u>(5,819,004)</u>	<u>(4,267,947)</u>	<u>1,551,057</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,029,200	1,029,200	769,044	(260,156)
Transfers out	(679,200)	(679,200)	(519,044)	160,156
Total other financing sources (uses)	<u>350,000</u>	<u>350,000</u>	<u>250,000</u>	<u>(100,000)</u>
Net change in fund balances	<u>\$ (1,071,237)</u>	<u>\$ (5,469,004)</u>	<u>(4,017,947)</u>	<u>\$ 1,451,057</u>
Fund Balances - Beginning of year			<u>6,832,417</u>	
Fund Balances - End of year - budget basis			2,814,470	
Adjustments:				
Encumbrances			3,505,283	
Fund balance - End of year - GAAP basis			<u>\$ 6,319,753</u>	
Net change in fund balance - budget basis			\$ (4,017,947)	
Adjustments:				
Encumbrances - beginning of year			(323,024)	
Encumbrances - end of year			3,505,283	
Net change in fund balance - GAAP basis			<u>\$ (835,688)</u>	

**CITY OF BLUE SPRINGS, MISSOURI**  
**Combining Balance Sheet - TIF Fund**  
**September 30, 2009**

<b>Assets</b>	<b>Fall Creek TIF</b>	<b>Copperleaf TIF</b>	<b>Highway 7&amp;40 TIF</b>	<b>Woods Chapel TIF</b>	<b>Adams Farm TIF</b>	<b>Total</b>
Cash and investments	\$ 30,710	\$ 87,011	\$ 9,894	\$ 121	\$ 2,379,324	\$ 2,507,060
Interfund receivables	13,225	-	4,119	-	-	17,344
Due from other governments	15,324	1,025	5,937	94	189,625	212,005
Prepaid items	83,796	-	-	-	-	83,796
<b>Total assets</b>	<b>\$ 143,055</b>	<b>\$ 88,036</b>	<b>\$ 19,950</b>	<b>\$ 215</b>	<b>\$ 2,568,949</b>	<b>\$ 2,820,205</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 2	\$ 9,928	\$ -	\$ 1,031,004	\$ 1,040,934
<b>Total liabilities</b>	<b>-</b>	<b>2</b>	<b>9,928</b>	<b>-</b>	<b>1,031,004</b>	<b>1,040,934</b>
<b>Fund Balances</b>						
Reserved for:						
Prepaid items	83,796	-	-	-	-	83,796
Debt service	59,259	88,034	10,022	215	1,537,945	1,695,475
<b>Total fund balances</b>	<b>143,055</b>	<b>88,034</b>	<b>10,022</b>	<b>215</b>	<b>1,537,945</b>	<b>1,779,271</b>
<b>Total liabilities and fund balance</b>	<b>\$ 143,055</b>	<b>\$ 88,036</b>	<b>\$ 19,950</b>	<b>\$ 215</b>	<b>\$ 2,568,949</b>	<b>\$ 2,820,205</b>



**CITY OF BLUE SPRINGS, MISSOURI**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - TIF Fund**  
**For the Year Ended September 30, 2009**

	Fall Creek TIF	Copperleaf TIF	Highway 7&40 TIF	Woods Chapel TIF	Adams Farm TIF	Total
<b>Revenues:</b>						
Taxes	\$ 82,828	\$ 1,547	\$ 25,776	\$ -	\$ -	\$ 110,151
Intergovernmental activity taxes	309,287	56,916	106,437	216	189,625	662,481
Interest	136	168	64	-	-	368
Total revenues	<u>392,251</u>	<u>58,631</u>	<u>132,277</u>	<u>216</u>	<u>189,625</u>	<u>773,000</u>
<b>Expenditures:</b>						
Current:						
Economic development	4,154	9,482	17,252	-	12,629,687	12,660,575
Debt service:						
Principal retirement	180,000	-	108,425	-	-	288,425
Interest and fiscal charges	264,150	-	-	-	377,959	642,109
Total expenditures	<u>448,304</u>	<u>9,482</u>	<u>125,677</u>	<u>-</u>	<u>13,007,646</u>	<u>13,591,109</u>
Excess of revenues over (under) expenditures	<u>(56,053)</u>	<u>49,149</u>	<u>6,600</u>	<u>216</u>	<u>(12,818,021)</u>	<u>(12,818,109)</u>
<b>Other financing sources (uses):</b>						
Issuance of bonds	-	-	-	-	14,500,000	14,500,000
Discount on bond issuance	-	-	-	-	(144,034)	(144,034)
Transfers (out)	(4,080)	(289)	(654)	(1)	-	(5,024)
Total other financing sources (uses)	<u>(4,080)</u>	<u>(289)</u>	<u>(654)</u>	<u>(1)</u>	<u>14,355,966</u>	<u>14,350,942</u>
Net change in fund balances	(60,133)	48,860	5,946	215	1,537,945	1,532,833
Fund balances - beginning of year	<u>203,188</u>	<u>39,174</u>	<u>4,076</u>	<u>-</u>	<u>-</u>	<u>246,438</u>
Fund balances - end of year	<u>\$ 143,055</u>	<u>\$ 88,034</u>	<u>\$ 10,022</u>	<u>\$ 215</u>	<u>\$ 1,537,945</u>	<u>\$ 1,779,271</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes and intergovernmental activity taxes	\$ 353,569	\$ 357,069	\$ 392,115	\$ 35,046
Interest	2,500	2,500	136	(2,364)
Total revenues	<u>356,069</u>	<u>359,569</u>	<u>392,251</u>	<u>32,682</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	4,100	26,825	4,154	22,671
Debt Service:				
Principal retirement	180,000	180,000	180,000	-
Interest and fiscal charges	167,889	167,889	264,150	(96,261)
Total expenditures	<u>351,989</u>	<u>374,714</u>	<u>448,304</u>	<u>(73,590)</u>
Excess (deficiency) of revenues over expenditures	<u>4,080</u>	<u>(15,145)</u>	<u>(56,053)</u>	<u>(40,908)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(4,080)	(4,080)	(4,080)	-
Total other financing sources (uses)	<u>(4,080)</u>	<u>(4,080)</u>	<u>(4,080)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (19,225)</u>	<u>(60,133)</u>	<u>\$ (40,908)</u>
Fund Balances - Beginning of year			<u>203,188</u>	
Fund Balances - End of year			<u>\$ 143,055</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes and intergovernmental activity taxes	\$ 50,000	\$ 69,225	\$ 58,463	\$ (10,762)
Interest	-	-	168	168
Total revenues	50,000	69,225	58,631	(10,594)
<b>EXPENDITURES</b>				
Current:				
General government	-	-	9,482	(9,482)
Debt Service:				
Principal retirement	49,750	49,750	-	49,750
Total expenditures	49,750	49,750	9,482	40,268
Excess (deficiency) of revenues over expenditures	250	19,475	49,149	29,674
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(250)	(250)	(289)	(39)
Total other financing sources (uses)	(250)	(250)	(289)	(39)
Net change in fund balances	\$ -	\$ 19,225	48,860	\$ 29,635
Fund Balances - Beginning of year			39,174	
Fund Balances - End of year			\$ 88,034	

**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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 130,500	\$ 144,235	\$ 132,213	\$ (12,022)
Interest	-	100	64	(36)
Total revenues	<u>130,500</u>	<u>144,335</u>	<u>132,277</u>	<u>(12,058)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	13,185	17,252	(4,067)
Debt Service:				
Principal retirement	129,847	129,847	108,425	21,422
Total expenditures	<u>129,847</u>	<u>143,032</u>	<u>125,677</u>	<u>17,355</u>
Excess (deficiency) of revenues over expenditures	<u>653</u>	<u>1,303</u>	<u>6,600</u>	<u>5,297</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(653)	(1,303)	(654)	649
Total other financing sources (uses)	<u>(653)</u>	<u>(1,303)</u>	<u>(654)</u>	<u>649</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	5,946	<u>\$ 5,946</u>
Fund Balances - Beginning of year			4,076	
Fund Balances - End of year			<u>\$ 10,022</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.

*Coronado Drive Transportation Development District* – accounts for amounts taxes collected on behalf of the District.

*Adams Farm Transportation Development District* – accounts for amounts taxes collected on behalf of the District.

## CITY OF BLUE SPRINGS, MISSOURI

Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended September 30, 2009

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
<b>Jackson County Tax Fund</b>				
<b>Assets:</b>				
Cash	\$ 97,315	\$ 17,805,499	\$ 17,780,406	\$ 122,408
<b>Liabilities:</b>				
Due to other governments	\$ 97,315	\$ 17,805,499	\$ 17,780,406	\$ 122,408
<b>Employees Flexible Benefit Fund</b>				
<b>Assets:</b>				
Cash	\$ 6,401	\$ 530,887	\$ 531,756	\$ 5,532
<b>Liabilities:</b>				
Employee flexible benefit deposits	\$ 6,401	\$ 530,887	\$ 531,756	\$ 5,532
<b>Eastern Jackson County Betterment Council Fund</b>				
<b>Assets:</b>				
Cash	\$ 34,838	\$ 10,000	\$ 6,406	\$ 38,432
<b>Liabilities:</b>				
Membership Deposits	\$ 34,838	\$ 10,000	\$ 6,406	\$ 38,432
<b>Coronado Drive TDD</b>				
<b>Assets:</b>				
Cash	\$ -	\$ 44,518	\$ 445	\$ 44,073
Accounts receivable	-	40,039	-	40,039
Total assets	\$ -	\$ 84,557	\$ 445	\$ 84,112
<b>Liabilities:</b>				
Due to other governments	\$ -	\$ 84,557	\$ 445	\$ 84,112
<b>Adams Farm TDD</b>				
<b>Assets:</b>				
Cash	\$ -	\$ 95,731	\$ 856	\$ 94,875
Accounts receivable	-	13,304	-	13,304
Total assets	\$ -	\$ 109,035	\$ 856	\$ 108,179
<b>Liabilities:</b>				
Due to other governments	\$ -	\$ 109,035	\$ 856	\$ 108,179
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash	\$ 138,554	\$ 18,486,635	\$ 18,319,869	\$ 305,320
Accounts receivable	-	53,343	-	53,343
Total assets	\$ 138,554	\$ 18,539,978	\$ 18,319,869	\$ 358,663
<b>Liabilities:</b>				
Due to other governments	\$ 97,315	\$ 17,999,091	\$ 17,781,707	\$ 314,699
Employee flexible benefit deposits	6,401	530,887	531,756	5,532
Membership Deposits	34,838	10,000	6,406	38,432
Total liabilities	\$ 138,554	\$ 18,539,978	\$ 18,319,869	\$ 358,663

**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, 2009**

	<u>Program</u>			<b>Total Consolidated Component Unit</b>
	<b>Blue Springs Economic Development Corporation</b>	<b>Blue Springs Growth Initiatives, Inc.</b>	<b>Inter-Organization Activity</b>	
<b>Assets</b>				
Cash and investments	\$ 29,998	\$ 32,494	\$ -	\$ 62,492
Deposits in escrow	-	290,000	-	290,000
Receivables:				
Accounts	8,522	-	-	8,522
Due from primary government	-	116,000	-	116,000
Notes	100,413	-	(100,413)	-
Depreciable capital assets, net	16,087	-	-	16,087
<b>Total assets</b>	<b>155,020</b>	<b>438,494</b>	<b>(100,413)</b>	<b>493,101</b>
<b>Liabilities</b>				
Accounts payable	4,944	27,875	-	32,819
Accrued liabilities	20,932	-	-	20,932
Short-term note payable	99,604	100,413	(100,413)	99,604
<b>Total liabilities</b>	<b>125,480</b>	<b>128,288</b>	<b>(100,413)</b>	<b>153,355</b>
<b>Net Assets</b>				
Invested in capital assets	16,087	-	-	16,087
Unrestricted	13,453	310,206	-	323,659
<b>Total net assets</b>	<b>\$ 29,540</b>	<b>\$ 310,206</b>	<b>\$ -</b>	<b>\$ 339,746</b>

**CITY OF BLUE SPRINGS, MISSOURI**  
**Combining Statement of Activities**  
**Discretely Presented Component Unit**  
**Blue Springs Economic Development Corporation**  
**For the Year Ended September 30, 2009**

	<u>Program</u>			<b>Total Consolidated Component Unit</b>
	<b>Blue Springs Economic Development Corporation</b>	<b>Blue Springs Growth Initiatives, Inc.</b>	<b>Inter-Organization Activity</b>	
<b>Revenues:</b>				
Intergovernmental revenues	\$ 318,584	\$ 600,000	\$ -	\$ 918,584
Contributions	167,448	50,000	(50,000)	167,448
In-kind contributions	5,196	1,360	-	6,556
Interest	1,418	696	-	2,114
	<u>492,646</u>	<u>652,056</u>	<u>(50,000)</u>	<u>1,094,702</u>
<b>Expenses:</b>				
Current:				
Economic Development	471,540	702,903	(50,000)	1,124,443
	<u>471,540</u>	<u>702,903</u>	<u>(50,000)</u>	<u>1,124,443</u>
Change in net assets	21,106	(50,847)	-	(29,741)
Net assets - beginning of year	8,434	361,053	-	369,487
Net assets - end of year	<u>\$ 29,540</u>	<u>\$ 310,206</u>	<u>\$ -</u>	<u>\$ 339,746</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 Six Fiscal Years  
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009
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	\$ 68,013,508
Restricted	10,270,621	8,056,155	8,086,101	9,363,978	9,141,264	9,902,864
Unrestricted	5,979,396	7,020,847	8,188,902	9,442,255	6,129,460	(14,846,756)
Total governmental activities net assets	<u>\$ 90,600,457</u>	<u>\$ 93,564,892</u>	<u>\$ 94,955,061</u>	<u>\$ 94,227,530</u>	<u>\$ 88,662,820</u>	<u>\$ 63,069,616</u>
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	\$ 47,141,204
Restricted	632,403	486,630	491,173	504,990	489,099	2,076,423
Unrestricted	4,253,022	6,765,826	8,244,184	9,657,585	12,289,968	30,415,198
Total business-type activities net assets	<u>\$ 54,878,926</u>	<u>\$ 58,618,775</u>	<u>\$ 60,267,788</u>	<u>\$ 63,461,521</u>	<u>\$ 62,662,733</u>	<u>\$ 79,632,825</u>
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	\$ 115,154,712
Restricted	10,903,024	8,542,785	8,577,274	9,868,968	9,630,363	11,979,287
Unrestricted	10,232,418	13,786,673	16,433,086	19,099,840	18,419,428	15,568,442
Total primary government net assets	<u>\$ 145,479,383</u>	<u>\$ 152,183,667</u>	<u>\$ 155,222,849</u>	<u>\$ 157,689,051</u>	<u>\$ 151,325,553</u>	<u>\$ 142,702,441</u>

Notes: GASB 34 was implemented in the 2003 fiscal year, so only six 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 Six Fiscal Years  
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009
<b>Expenses</b>						
<b>Governmental activities:</b>						
General government	\$ 5,061,078	\$ 5,162,402	\$ 5,872,381	\$ 7,241,811	\$ 9,417,156	\$ 6,722,852
Public works	1,734,022	1,061,284	1,182,225	1,114,645	1,085,815	1,150,617
Highways and streets	8,825,368	8,909,445	10,682,407	18,328,434	12,583,751	12,091,281
Public safety	9,173,252	9,903,600	10,853,511	10,844,451	11,387,848	11,308,429
Parks and recreation	2,971,296	3,451,261	3,697,637	3,644,910	3,926,097	3,808,823
Economic Development	-	-	-	-	-	(1) 22,120,492
Interest and fiscal charges	1,423,327	1,248,918	834,021	807,943	768,656	720,823
<b>Total governmental activities expenses</b>	<b>29,188,343</b>	<b>29,736,910</b>	<b>33,122,182</b>	<b>41,982,194</b>	<b>39,169,323</b>	<b>57,923,317</b>
<b>Business-type activities:</b>						
Water	5,211,945	6,231,010	6,707,118	7,133,548	7,028,585	7,691,581
Sewer	4,471,163	4,966,863	6,173,085	6,365,722	7,248,223	7,438,288
Golf Course	1,703,288	1,869,774	1,840,266	1,851,144	1,920,248	1,850,615
<b>Total business-type activities expenses</b>	<b>11,386,396</b>	<b>13,067,647</b>	<b>14,720,469</b>	<b>15,350,414</b>	<b>16,197,056</b>	<b>16,980,484</b>
<b>Total primary government expenses</b>	<b>\$ 40,574,739</b>	<b>\$ 42,804,557</b>	<b>\$ 47,842,651</b>	<b>\$ 57,332,608</b>	<b>\$ 55,366,379</b>	<b>\$ 74,903,801</b>
<b>Program Revenues</b>						
<b>Governmental activities:</b>						
Charges for services:						
General government	\$ 2,952,107	\$ 3,317,649	\$ 3,280,500	\$ 3,438,438	\$ 3,192,776	\$ 3,526,012
Public works	263,335	107,735	336,522	240,110	303,539	50,586
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	2,826,024
Parks and recreation	527,557	595,549	596,353	679,237	670,760	645,069
Economic Development	-	-	-	-	-	-
Operating grants and contributions	833,101	729,039	960,638	718,617	684,440	649,095
Capital grants and contributions	2,972,351	5,947,809	6,516,879	10,522,467	1,529,944	1,578,255
<b>Total governmental activities program revenues</b>	<b>9,341,522</b>	<b>12,555,405</b>	<b>13,654,452</b>	<b>17,624,833</b>	<b>8,834,951</b>	<b>9,275,041</b>
<b>Business-type activities:</b>						
Charges for services:						
Water	5,533,238	6,744,738	7,629,315	7,208,618	6,454,183	6,459,597
Sewer	4,240,036	5,555,895	5,812,493	5,995,606	6,141,450	6,621,395
Golf Course	1,013,571	1,384,868	1,482,474	1,658,689	1,750,262	1,516,109
Capital grants and contributions	744,003	2,459,503	620,600	2,572,073	289,624	18,812,221
<b>Total business-type activities program revenues</b>	<b>11,530,848</b>	<b>16,145,004</b>	<b>15,544,882</b>	<b>17,434,986</b>	<b>14,635,519</b>	<b>33,409,322</b>
<b>Total primary government program revenues</b>	<b>\$ 20,872,370</b>	<b>\$ 28,700,409</b>	<b>\$ 29,199,334</b>	<b>\$ 35,059,819</b>	<b>\$ 23,470,470</b>	<b>\$ 42,684,363</b>
<b>Net (expense)/revenue</b>						
Governmental activities	\$ (19,846,821)	\$ (17,181,505)	\$ (19,467,730)	\$ (24,357,361)	\$ (30,334,372)	\$ (48,648,276)
Business-type activities	144,452	3,077,357	824,413	2,084,572	(1,561,537)	16,428,838
<b>Total primary government net expense</b>	<b>\$ (19,702,369)</b>	<b>\$ (14,104,148)</b>	<b>\$ (18,643,317)</b>	<b>\$ (22,272,789)</b>	<b>\$ (31,895,909)</b>	<b>\$ (32,219,438)</b>
<b>General Revenues and Other Changes in Net Assets</b>						
<b>Governmental activities:</b>						
Taxes						
Sales taxes	\$ 9,191,460	\$ 9,587,464	\$ 9,690,850	\$ 10,057,093	\$ 10,119,903	\$ 8,843,215
Property taxes	4,738,263	4,716,407	4,975,870	5,153,731	5,421,561	5,288,096
Franchise taxes	2,894,796	3,097,345	3,254,497	3,705,535	5,413,715	5,096,487
Intergovernmental Activity Taxes	-	-	-	-	-	(1) 662,481
Hotel	495,672	524,755	548,362	586,635	591,127	493,983
Other taxes	2,219,170	1,939,272	1,747,842	1,802,724	1,759,356	1,995,432
Interest	266,799	408,735	705,272	966,719	894,555	367,671
Miscellaneous	4,749	-	192,206	1,500,396	718,366	611,431
Gain on disposal of capital assets	-	124,315	-	-	-	-
Transfers	-	(452,353)	(256,990)	(143,003)	(148,921)	(303,724)
<b>Total governmental activities</b>	<b>19,810,909</b>	<b>19,945,940</b>	<b>20,857,899</b>	<b>23,629,830</b>	<b>24,769,662</b>	<b>23,055,072</b>
<b>Business-type activities:</b>						
Interest	76,764	210,139	567,610	966,158	613,828	237,530
Transfers	-	452,353	256,990	143,003	148,921	303,724
Gain/Loss on disposal of capital assets	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>76,764</b>	<b>662,492</b>	<b>824,600</b>	<b>1,109,161</b>	<b>762,749</b>	<b>541,254</b>
<b>Total primary government</b>	<b>\$ 19,887,673</b>	<b>\$ 20,608,432</b>	<b>\$ 21,682,499</b>	<b>\$ 24,738,991</b>	<b>\$ 25,532,411</b>	<b>\$ 23,596,326</b>
<b>Changes in Net Assets</b>						
Governmental activities	\$ (35,912)	\$ 2,764,435	\$ 1,390,169	\$ (727,531)	\$ (5,564,710)	\$ (25,593,204)
Business-type activities	221,216	3,739,849	1,649,013	3,193,733	(798,788)	16,970,092
<b>Total primary government</b>	<b>\$ 185,304</b>	<b>\$ 6,504,284</b>	<b>\$ 3,039,182</b>	<b>\$ 2,466,202</b>	<b>\$ (6,363,498)</b>	<b>\$ (8,623,112)</b>

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

Note: 1 Amounts for economic development and intergovernmental activity taxes were reclassified in 2009. These amounts were previously shown in general government expense and sales tax revenue, respectively.



Table 3

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 744,941	\$ 791,808	\$ 743,306	\$ 879,990	\$ 2,537,181	\$ 2,453,085	\$ 2,570,622	\$ 2,758,255	\$ 2,505,963	\$ 2,680,486
Unreserved	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	9,700,183
Total General Fund	<u>\$ 5,298,403</u>	<u>\$ 6,769,936</u>	<u>\$ 6,769,435</u>	<u>\$ 7,797,623</u>	<u>\$ 8,566,554</u>	<u>\$ 9,305,542</u>	<u>\$ 10,417,034</u>	<u>\$ 11,870,309</u>	<u>\$ 11,141,019</u>	<u>\$ 12,380,669</u>
All other governmental funds										
Reserved	\$ 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	\$ 7,095,640
Unreserved, reported in:										
Special revenue funds	-	-	-	10,936	-	49,536	161,217	262,018	358,830	363,631
Capital project funds	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	2,479,359
Total all other governmental funds	<u>\$ 6,515,099</u>	<u>\$ 6,768,951</u>	<u>\$ 11,256,118</u>	<u>\$ 10,057,629</u>	<u>\$ 10,212,462</u>	<u>\$ 7,999,139</u>	<u>\$ 8,021,172</u>	<u>\$ 9,122,201</u>	<u>\$ 9,100,804</u>	<u>\$ 9,938,630</u>

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes	\$ 15,469,371.00	\$ 16,181,887	\$ 16,356,955	\$ 17,088,193	\$ 17,540,930	\$ 18,117,769	\$ 18,670,374	\$ 19,704,229	\$ 21,755,056	\$ 19,248,967
Intergovernmental activity taxes	-	-	-	-	-	-	-	-	-	662,481
Licenses, fees and permits	523,139	487,321	463,303	533,156	579,575	760,058	777,131	772,510	746,020	917,980
Intergovernmental	2,732,038	2,639,066	5,002,488	3,346,988	5,449,791	6,243,461	7,948,706	8,055,156	3,576,748	3,893,513
Charges for services	2,759,737	2,909,298	2,879,237	4,185,922	4,110,007	4,156,716	5,114,710	4,515,378	4,870,792	4,981,920
Fines, forfeitures, and court costs	458,222	422,797	469,762	425,530	553,597	722,021	748,320	753,650	777,911	924,640
Interest	756,952	629,123	365,353	377,166	269,240	411,450	705,272	966,722	894,555	367,671
Donations	-	584,815	82,881	119,756	57,972	137,971	133,924	153,479	41,003	82,816
Other	437,607	434,451	886,799	458,592	564,760	282,247	268,160	1,641,225	803,366	687,218
<b>Total revenues</b>	<b>23,137,066</b>	<b>24,288,758</b>	<b>26,506,778</b>	<b>26,535,303</b>	<b>29,125,872</b>	<b>30,831,693</b>	<b>34,366,597</b>	<b>36,562,349</b>	<b>33,465,451</b>	<b>31,767,206</b>
<b>Expenditures</b>										
General Government	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	6,195,290
Public works	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	888,418
Highways and Streets	1,093,364	1,624,900	2,960,046	1,726,890	1,876,221	1,848,000	1,774,500	2,203,282	2,144,303	2,067,920
Public safety	6,801,208	7,824,970	8,353,303	8,680,545	9,426,386	9,659,194	10,241,806	10,623,207	10,919,674	10,821,665
Parks and recreation	2,030,968	2,439,410	2,602,387	2,618,110	2,685,209	3,237,531	3,392,075	3,415,753	3,621,081	3,545,496
Economic Development	-	-	-	-	-	-	-	-	-	12,660,575
Capital outlay	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	5,305,272
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	1,380,000	1,450,000	1,525,000	1,725,000	1,251,336	873,436	1,440,000	1,140,000	1,109,587	1,278,955
Interest	816,066	751,953	616,227	1,105,267	1,404,822	1,413,570	791,517	764,868	704,544	1,010,720
<b>Total expenditures</b>	<b>24,688,722</b>	<b>25,671,154</b>	<b>28,769,940</b>	<b>26,975,715</b>	<b>29,331,458</b>	<b>31,137,803</b>	<b>32,995,432</b>	<b>33,892,284</b>	<b>33,673,961</b>	<b>43,774,311</b>
Excess of revenues over (under) expenditures	(1,551,656)	(1,382,396)	(2,263,162)	(440,412)	(205,586)	(306,110)	1,371,165	2,670,065	(208,510)	(12,007,105)
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds	-	-	4,940,000	-	1,110,000	4,225,000	-	-	-	14,500,000
Refunded Bond Proceeds	-	-	4,470,000	-	-	-	-	-	-	-
Discount on Issuance	-	-	-	-	-	-	-	-	-	(144,034)
Payment to refunded bond escrow agent	-	-	(4,440,061)	-	-	(5,084,537)	-	-	(421,330)	-
Transfers in	5,050,220	3,370,279	4,364,179	1,633,273	1,565,062	1,173,324	741,274	381,232	3,993,280	1,676,368
Transfers out	(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)	(1,947,753)
Sale of capital assets	-	-	-	-	-	124,315	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>155,880</b>	<b>1,194,785</b>	<b>6,293,531</b>	<b>21,386</b>	<b>1,129,350</b>	<b>(1,168,225)</b>	<b>(237,640)</b>	<b>(115,761)</b>	<b>(542,177)</b>	<b>14,084,581</b>
<b>Net change in fund balances</b>	<b>\$ (1,395,776)</b>	<b>\$ (187,611)</b>	<b>\$ 4,030,369</b>	<b>\$ (419,026)</b>	<b>\$ 923,764</b>	<b>\$ (1,474,335)</b>	<b>\$ 1,133,525</b>	<b>\$ 2,554,304</b>	<b>\$ (750,687)</b>	<b>\$ 2,077,476</b>
Debt service as a percentage of non capital expenditures	11.84%	10.56%	15.20%	19.37%	11.42%	9.87%	8.40%	5.91%	6.31%	6.01%

Table 5

Total City Taxable Sales by Category  
Current Fiscal Year and Two Years Ago

<u>Sales by Retail Category:</u>	<u>2007</u>	<u>2009</u>
Retail	\$ 595,309	\$ 530,141
Manufacturing	3,739	2,947
Restaurants	20,176	20,583
Services	24,337	22,701
All other outlets	923	11,158
 Total	 \$ <u>644,484</u>	 \$ <u>587,529</u>

Note: Amounts are in Thousands of Dollars. This schedule is intended to show the current year and nine years ago; however, amounts for years prior to 2007 are not available

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			Total	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				
2000	\$ NA	\$ NA	\$ NA	\$ 366,122,790	\$ 104,717,700	\$ 9,164,827	\$ 480,005,317	\$ 0.7500	\$ 2,090,170,067	22.96%
2001	NA	NA	NA	380,944,663	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	402,623,373	116,846,244	7,972,647	527,442,264	0.7500	2,323,689,321	22.70%
2003	337,154,581	88,095	79,202,065	416,444,741	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	485,160,171	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	501,034,962	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	549,636,674	120,162,987	5,507,669	675,307,330	0.7027	3,050,590,961	22.14%
2007	456,882,349	184,193	107,901,822	564,968,364	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	609,311,701	129,576,528	5,360,046	744,248,275	0.6971	3,366,373,178	22.11%
2009	499,748,063	172,367	121,072,121	620,992,551	130,285,814	4,879,636	756,158,001	0.6989	3,416,537,286	22.13%

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	
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	1.0610	0.0300	7.7964
2009	0.5489	0.1500	0.6989	1.1058	0.2143	5.5307	1.0610	0.0300	7.9418

- Notes:
- 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.
  - County Tax Breakdown for Current Year:

Health & Welfare Fund	0.1218
General Fund	0.1952
Road & Bridge Fund	0.0880
Park Fund	0.1380
Mid-Continent Public Library	0.3214
Handicap	0.0748
Mental Health	0.1218
Total County	1.0610
  - 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	5.8359

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	2009			2000		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Stores, Inc.	\$ 5,883,004	1	0.78%	\$ 1,924,430	2	0.40%
George T Ward Builders, Inc.	4,027,765	2	0.53%			
Aquila (Missouri Public Service)	3,709,213	3	0.49%	6,560,514	1	1.37%
Blue Springs Development Three Inc	2,960,981	4	0.39%			
Home Depot	2,017,785	5	0.27%			
Haldex	1,677,142	6	0.22%			
St. Mary's Hospital	1,600,001	7	0.21%			
Akers Apartment LLC	1,529,975	8	0.20%			
Southern Union Company	1,513,944	9	0.20%			
White Oak Ventures	1,479,370	10	0.20%	1,684,510	5	0.35%
Southwestern Bell				1,825,991	3	0.38%
Fike Metal Products Inc				1,799,352	4	0.37%
Autumn Place Development				1,472,829	6	0.31%
BS Ford - Robert Balderston				1,382,846	7	0.29%
CP Holdings - K-Mart Corporation				1,274,170	8	0.27%
Sunnyside Garden Apartments				1,262,247	9	0.26%
TMB Service Corp. (Hy-Vee)				1,153,230	10	0.24%
Total	<u>\$ 26,399,180</u>		<u>3.49%</u>	<u>\$ 20,340,119</u>		<u>4.24%</u>

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
2000	\$ 3,571,539	\$ 3,436,356	96.21%	\$ 134,254	\$ 3,570,610	99.97%
2001	3,720,420	3,528,322	94.84%	175,189	3,703,511	99.55%
2002	3,936,159	3,762,443	95.59%	155,672	3,918,115	99.54%
2003	4,085,057	3,908,880	95.69%	155,701	4,064,581	99.50%
2004	4,319,897	4,157,979	96.25%	143,540	4,301,519	99.57%
2005	4,430,699	4,258,261	96.11%	149,759	4,408,020	99.49%
2006	4,762,600	4,588,481	96.34%	145,322	4,733,803	99.40%
2007	4,939,713	4,751,744	96.19%	153,114	4,904,858	99.29%
2008	5,195,766	5,071,884	97.62%	35,613	5,107,497	98.30%
2009	5,754,504	5,513,233	95.81%		5,513,233	95.81%



Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Leasehold Revenue Bonds	Special Obligation Bonds	Certificates of Participation	Development Agreement		
2000	\$ 6,139,772	\$ 7,450,000	\$ -	\$ -	\$ -		
2001	5,364,772	6,775,000	-	-	-		
2002	9,534,772	6,065,000	-	-	-		
2003	8,649,772	5,325,000	-	-	3,207,500		
2004	9,218,436	4,720,000	-	-	3,102,500		
2005	8,760,000	-	-	3,925,000	2,987,500		
2006	7,860,000	-	-	3,510,000	2,862,500		
2007	7,065,000	-	-	3,300,000	2,727,500		
2008	5,970,000	-	-	3,075,000	5,332,892		
2009	5,219,470	-	14,500,000	2,835,000	17,640,689		

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita (1)
	Leasehold Revenue Bonds	Capital Leases	Certificates of Participation	Neighborhood Improvement			
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	10,475,000	30,105,840	2.21%	566.98
2007	-	215,239	4,925,000	17,490,000	35,722,739	2.39%	662.94
2008	-	278,350	4,725,000	17,490,000	36,871,242	2.44%	670.01
2009	-	188,617	4,515,000	18,725,000	63,623,776	3.95%	1,142.30

Notes: 1 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.

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		
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
2009	23,944,470	(1,053,475)	22,890,995	0.67%	410.98

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, 2009

<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	\$ 5,219,470	100.00%	\$ 5,219,470
Blue Springs Reorganized #4 School District	138,445,000	85.30%	118,093,585
Grain Valley Reorganized #5 School District	47,100,000	10.00%	4,710,000
Central Jackson County Fire Protection District	<u>14,050,000</u>	90.00%	<u>12,645,000</u>
<b>Total direct and overlapping debt</b>	<b>\$ <u>204,814,470</u></b>		<b>\$ <u>140,668,055</u></b>

**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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit (1)	\$ 96,001,063	\$ 99,987,246	\$ 105,488,453	\$ 108,921,569	\$ 121,515,393	\$ 124,919,815	\$ 135,061,466	\$ 138,942,075	\$ 148,849,655	\$ 151,231,600
Total net debt applicable to limit	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	22,890,995
Legal Debt Margin	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	128,340,605
Total net debt applicable to the limit as a percentage of debt limit	5.562%	4.534%	8.139%	7.064%	6.696%	6.646%	12.751%	16.862%	15.152%	15.136%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Value	\$ 756,158,001
Debt Limit (20% of assessed value)	151,231,600
General obligation:	
City-Wide	5,219,470
Neighborhood Improvement Districts	18,725,000
Total Bonded Debt	23,944,470
Less:	
Debt Service Fund Balance	1,053,475
Total net debt applicable to limit	22,890,995
Legal debt margin	\$ 128,340,605

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 for 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 for 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)	
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	-	-	-
2009	13,080,992	11,815,907	1,265,085	-	-	-

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>
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%
2009	55,698	1,609,727,898	28,901	33.10	14,085	6.30%

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	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Blue Springs School District	1,625	1	6.28%	1,613	1	6.67%
St. Mary's Hospital of Blue Springs	660	2	2.55%	615	2	2.54%
Wal-Mart Stores, Inc.	440	3	1.70%	376	5	1.55%
Fike Corporation	380	4	1.47%	338	6	1.40%
Price Chopper	340	5	1.31%	402	4	1.66%
Target	300	6	1.16%			
City of Blue Springs	275	7	1.06%	253	8	
Hy-Vee	247	8	0.95%	330	7	1.36%
Kohl's	239	9	0.92%			0.00%
Gemaco	203	10	0.78%	175	10	0.72%
Haldex, Inc.			0.00%	230	9	0.95%
Harmon Industries				652	3	
Total	<u>4,709</u>		<u>18.20%</u>	<u>4,984</u>		<u>20.60%</u>

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>										
Administration	5.00	5.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Legal	-	-	-	-	-	-	-	-	-	1.00
Public relations and communications	-	-	-	-	2.00	2.00	2.00	2.00	2.00	2.00
Human resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Information services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Community development	4.19	6.19	6.19	6.19	7.20	7.20	7.20	7.20	7.20	7.20
Codes administration	6.23	7.23	7.23	7.23	7.23	8.00	9.00	10.00	10.46	11.46
Geographic information systems	-	-	-	-	0.20	0.20	0.20	1.20	1.20	1.20
Economic development	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	N/A	N/A
Finance	14.18	15.10	19.80	19.80	20.30	21.90	21.90	21.90	22.90	22.90
Municipal court	2.12	3.12	3.12	3.12	4.12	4.62	5.62	5.62	5.62	5.62
<b>Public Works</b>	9.09	15.47	15.94	14.94	12.94	12.94	12.94	12.54	12.54	12.14
Highways and streets	12.30	15.30	15.30	15.30	15.30	15.30	15.30	17.30	16.30	16.30
<b>Public Safety</b>										
Administration	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Operations	51.23	52.23	54.23	54.23	53.23	59.23	59.23	63.00	63.00	66.00
Staff services	30.85	30.85	30.85	31.85	29.20	26.20	26.20	26.20	18.00	17.00
Professional standards	3.00	3.00	3.00	3.00	6.65	7.65	7.65	8.65	15.20	16.20
Community/youth outreach	14.00	15.00	15.00	14.00	15.00	17.50	17.50	17.00	18.65	20.15
<b>Parks and Recreation</b>										
Administration	4.65	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.50
Building Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
50-Plus Programs	6.00	6.32	6.32	6.32	7.47	7.47	7.47	7.47	7.99	7.99
Parks Maintenance	18.60	19.60	19.60	19.60	19.60	19.60	19.60	20.33	20.33	20.33
Recreation	2.50	2.75	2.75	2.75	2.00	2.00	2.00	2.00	2.00	2.00
Swimming pool	11.04	11.04	11.04	11.04	11.00	-	-	-	-	-
<b>Water</b>										
Operations	7.24	3.70	4.00	4.00	5.00	4.50	5.00	5.00	5.33	5.33
Maintenance	7.50	9.50	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
<b>Sewer</b>										
Operations	7.24	-	4.00	4.00	5.00	4.50	5.00	5.00	5.33	5.33
Maintenance	4.00	7.50	4.00	4.00	4.00	4.00	6.00	6.00	6.00	6.00
Sni-A-Bar treatment plant	3.50	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Central Garage fund</b>		2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>Total</b>	<u>237.46</u>	<u>251.40</u>	<u>255.37</u>	<u>256.37</u>	<u>261.44</u>	<u>258.81</u>	<u>263.81</u>	<u>272.41</u>	<u>272.05</u>	<u>278.65</u>

Source: City of Blue Springs Budget



Table 19

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Police</b>										
Number of Citations Issued	N/A	N/A	N/A	N/A	N/A	9,777	10,162	9,691	10,800	13,296
<b>Public Works</b>										
Street Overlay (lane miles)	N/A	3.90	2.68	6.17	N/A	8.76	4.50	-	55.00	48.00
Potholes Repaired	604	4,526	1,805	2,452	4,936	8,045	7,181	10,561	6,129	3,650
Crack Sealing (Sq. Yds.)	532,378	471,730	516,163	1,007,583	993,848	831,734	1,360,234	717,795	621,927	560,475
Slurry Seal (Sq. Yds.)	N/A	191,590	138,291	155,521	166,309	140,157	199,700	208,517	0.00	0.00
<b>Parks and Recreation</b>										
Park Shelter Reservations	N/A	N/A	N/A	N/A	N/A	1,117	1,075	1,000	1222	955
Vesper Hall Rentals	N/A	N/A	N/A	N/A	N/A	142	118	105	62	90
Number of Participants in Recreation Programs	N/A	N/A	N/A	N/A	N/A	173,112	166,991	183,116	160400	181675
Number of Pool Passes Sold	N/A	N/A	N/A	N/A	N/A	348	409	427	416	384
Pool Attendance	N/A	N/A	N/A	N/A	N/A	62,312	65,399	65,732	68302	55769
<b>Community Development</b>										
Building Permits Issued	549	547	601	593	645	518	507	491	527	460
Number of Nuisance Violations Cited	1,248	2,701	951	1,111	1,409	1,537	3,174	2,353	3051	2571
<b>Water</b>										
Number of customers	18,705	18,966	19,174	19,324	19,417	19,972	19,959	20,134	20,427	20,439
Water main breaks	86	69	104	119	53	57	87	84	51	60
New water connections	453	333	329	337	297	386	391	217	138	48
<b>Sewer</b>										
Number of customers	N/A	18,378	18,586	19,092	18,868	19,225	19,414	19,742	19,887	19,932
New Sewer Connections	395	296	349	312	304	328	227	212	132	37

Table 20

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Police</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	-	-	-	-	-	1	2	2	1	1
Vehicles	15	15	17	17	17	17	17	17	18	18
<b>Public Works</b>										
Total area (square miles)	17.70	17.79	18.00	21.21	21.21	21.67	22.01	22.01	22.11	22.11
Paved miles	186.00	189.00	214.00	221.00	221.00	227.00	232.67	239.06	240.31	252
Street Lights	2,197	2,299	2,449	2,463	2,278	2,418	2,570	2,613	2,409	2409
Storm sewers (miles)	59.00	61.00	74.00	78.00	79.00	82.00	82.60	87.61	89.79	120
<b>Parks and Recreation</b>										
Park acreage - Developed & Golf Course *	679.00	679.00	679.00	679.00	679.00	376.00	376.00	416.00	515.00	515.00
Park acreage - Undeveloped & Preserved *						323.00	323.00	302.00	341.00	341.00
Parks - Developed	12	12	12	12	12	14	14	14	14	14
Parks - Undeveloped	4	4	4	4	4	4	4	5	7	7
Swimming pools	2	2	2	2	2	2	2	2	2	2
Soccer fields	N/A	12	12	12	12	12	12	11	12	12
Tennis courts	N/A	23	21	23	23	20	20	21	20	20
Skate Parks	-	-	-	-	-	1	2	2	2	2
Baseball fields	6	6	6	6	6	6	6	8	8	8
Softball fields	13	13	13	15	15	15	15	14	15	15
Miles of walking/bike trails	-	-	-	-	-	10	15	15	15	17
Community centers	2	2	2	2	2	2	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	-	-	-	-	-	-	-	3.00	3	3
BMX race track	-	-	-	-	-	-	-	1.00	1	1
Basketball courts	-	-	-	-	-	-	-	7.00	7	7
Sand Volleyball courts	-	-	-	-	-	-	-	14.00	14	11
Picnic shelters	-	-	-	-	-	-	-	18.00	18	18
Playgrounds	-	-	-	-	-	-	-	15.00	15	15
Dog Park Facility	-	-	-	-	-	-	-	1.00	1	1
<b>Water</b>										
Water mains (miles)	210.00	214.00	215.00	222.00	224.00	229.00	230.00	230.10	232.50	275.00
Fire hydrants	N/A	1,999.00	2,040.00	2,111.00	2,166.00	2,213.00	2,280.00	2,305.00	2,350.00	2,377
Average daily consumption (millions of gallons)	5.40	5.10	5.20	5.40	5.40	5.60	4.50	5.33	4.80	4.7
<b>Sewer</b>										
Number of treatment plants	2	2	2	2	2	2	2	2	2	1
Sewers mains (miles)	190.00	235.00	238.00	245.00	246.00	332.00	332.90	348.01	350.69	274.00
Average daily treatment (millions of gallons)	N/A	8.30	7.68	7.88	9.60	5.03	3.08	3.35	4.97	5.08
Manhole lined	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.00	96	0
Mains lined	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50.00	88	48
Main point repairs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14.00	23	43
Chimney seal installed on manhole	N/A	N/A	N/A	N/A	N/A	N/A	N/A	38.00	21	0

\* Note: Distribution of park land between developed and undeveloped was unavailable prior to 2005

**APPENDIX C**

**REVENUE STUDY**

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

April 2009

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# 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.

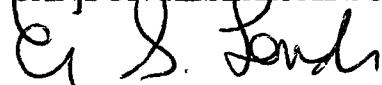
Three Transportation Development Districts are also incorporated into the revenue projections. Located within these three Transportation Development Districts are, 1) Adams Dairy Landing, Coronado Place Shopping Center and Meiners Market, 2) Wal-Mart Supercenter and 3) Home Depot. Coronado Place includes 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

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# **CANYON RESEARCH SOUTHWEST, INC.**

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**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	\$1,505,318
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	\$1,724,215	\$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	\$1,190,752
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	\$1,241,870
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.***

## 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
<b>Adams Dairy TDD</b>		
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
<b>Total Space Open for Business or Under Construction</b>	<b>178,799</b>	
<b>Wal-Mart TDD</b>		
<b>Wal-Mart Supercenter</b>	<b>171,000</b>	<b>Open</b>
<b>Home Depot TDD</b>		
<b>The Home Depot</b>	<b>119,227</b>	<b>Open</b>
<b>Grand Total Open for Business or Under Construction</b>	<b>469,026</b>	

# 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**

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### 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

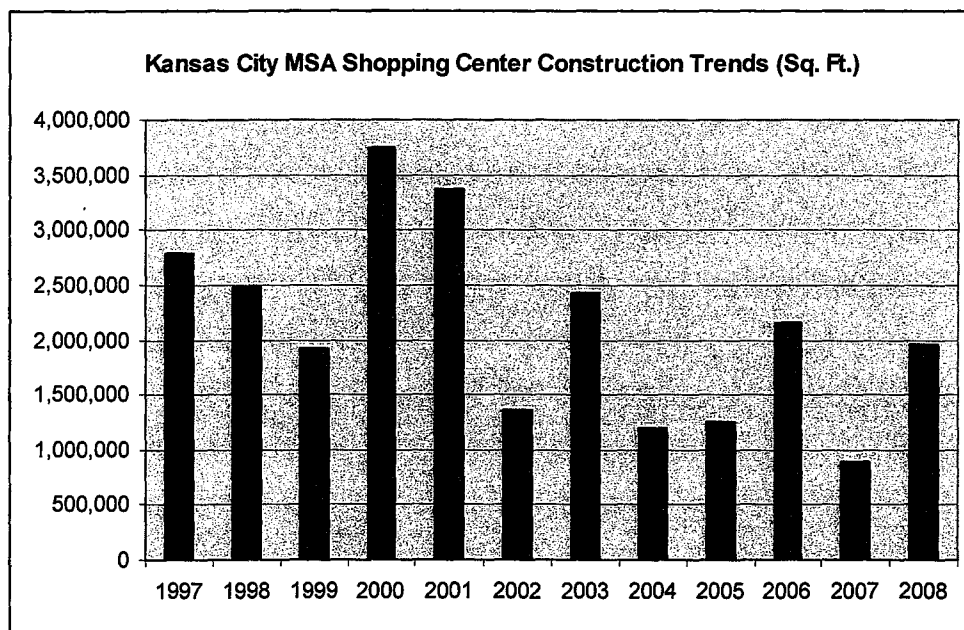
Old Navy  
Gap  
The Limited  
TJ Maxx  
Stein Mart  
Men's Warehouse

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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.

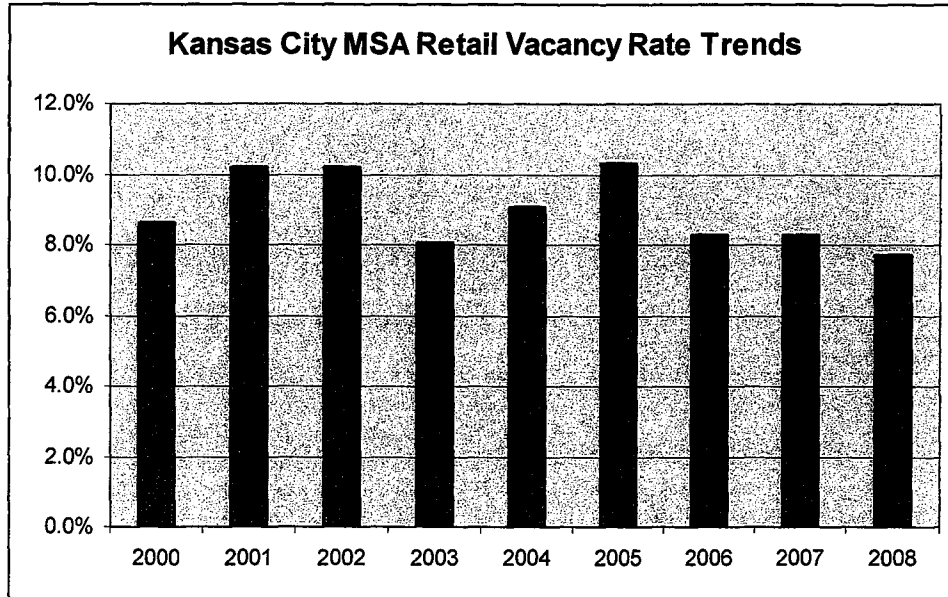
From 1992 through 1999 approximately 19.3 million square feet of shopping center space was constructed in the Kansas City MSA. After peaking in 1995 at 4.57 million square feet of new space, retail construction gradually declined to a level of 1.92 million square feet in 1999. From 2000 to 2006 new construction 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 and 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 135<sup>th</sup> 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 119<sup>th</sup> Street corridor serves as the primary retail destination with new retail construction now focusing on the 135<sup>th</sup> 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 Crackneck 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 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.

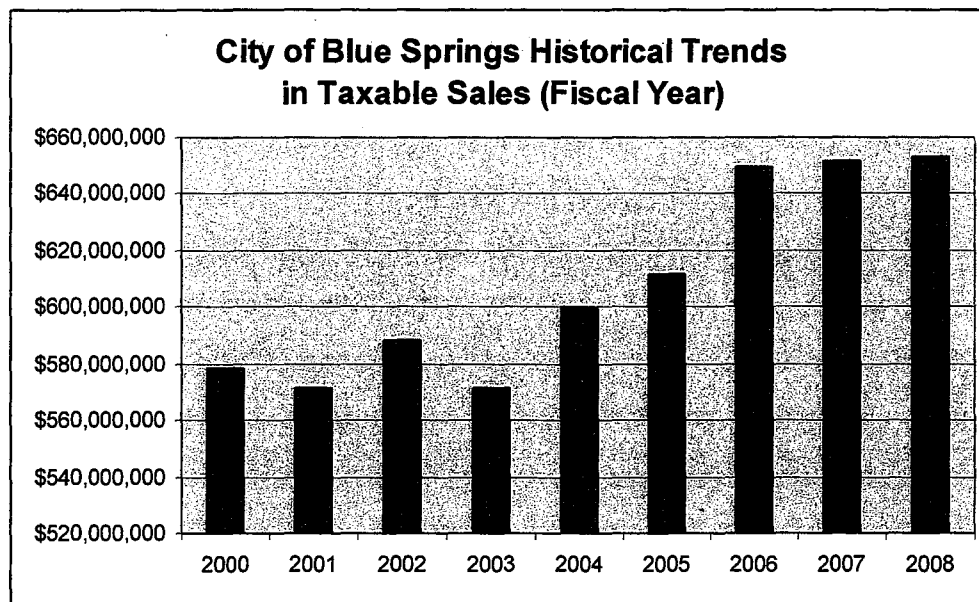
### **Independence Center Retail Hub Big-Box Retailers**

<b>Discount Department Store</b>	
Target Greatland	NEC 39th Street & Crackerneck Road
Wal-Mart	SWC 39th Street & MO 291
Kohl's	NEC 39th Street & Arrowhead Avenue
<b>Warehouse Club Stores</b>	
Costco	NEC I-470 & Hwy 40
Sam's Club	SWC 39th Street & MO 291
<b>Home Improvement</b>	
Lowe's Home Improvement Warehouse	NEC I-470 & Hwy 40
<b>Home Electronics</b>	
Best Buy	NEC 39th Street & Arrowhead Avenue
Circuit City (scheduled to close)	SEC 39th Street & MO 291
<b>Movie Theatre</b>	
AMC 20 Theatres	NEC 39th Street & Arrowhead Avenue
<b>Clothing &amp; Accessories</b>	
Dress Barn	NWC Jackson Drive & Little Blue Parkway
Marshalls	NEC 39th Street & Arrowhead Avenue
<b>Housewares &amp; Linens</b>	
Bed Bath & Beyond	NEC 39th Street & Arrowhead Avenue
<b>Other Big-Box Retailers</b>	
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**

<b>Fiscal Year</b>	<b># of Permits</b>	<b>Estimated Value</b>
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
<b>Totals</b>	<b>183</b>	<b>\$123,919,837</b>
<b>Annual Average</b>	<b>18.3</b>	<b>\$12,391,984</b>

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 retail. 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)
<b>Total Primary Trade Area</b>	<b>\$1,074,855,188</b>	<b>\$710,233,106</b>	<b>\$364,622,082</b>
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**

<b>Center Name</b>	<b>Location</b>	<b>Space Sq. Ft.</b>	<b>Classification</b>
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
<b>Total Space</b>		<b>1,257,899</b>	

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 retail. 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**

<b>Retail Sales Formula</b>	<b>2008</b>	<b>Growth 2008 - 2013</b>
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
<b>Supportable Additional Retail Space (Sq. Ft.)</b>	<b>1,441,194</b>	<b>264,561</b>

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**

<b>Center Type</b>	<b>Building Area Sq. Ft.</b>	<b>Land Area Acres</b>	<b>Anchor Ratio*</b>	<b>Primary Trade Area**</b>
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
<b>Total Population</b>	60,480	73,750	80,577
<b>Households</b>	21,780	27,076	29,887
<b>Population by Age</b>			
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
<b>Median Age</b>	33.31	35.27	35.60
<b>Average Age</b>	33.59	35.15	35.99
<b>Household Income</b>			
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%
<b>Average Household Income</b>	\$64,835	\$76,031	\$83,113
<b>Median Household Income</b>	\$56,278	\$65,119	\$70,017
<b>Per Capita Income</b>	\$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, 54<sup>th</sup> 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
<b>Project Area A</b>			
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
<b>Totals</b>	<b>\$2,671,972</b>		<b>\$167,278.81</b>
<b>Project Area B</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
<b>Totals</b>	<b>\$1,342</b>		<b>\$84.02</b>
<b>Project Area C</b>			
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
<b>Totals</b>	<b>\$7,541</b>		<b>\$472.10</b>
<b>Grand Totals</b>	<b>\$2,680,855</b>	<b>\$0.086107</b>	<b>\$167,834.93</b>

Reassessment of real property in Missouri is conducted every two years, as of January 1<sup>st</sup> 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 1<sup>st</sup> of each year for all local jurisdictions except counties, and by September 20<sup>th</sup> 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
<b>Total Tax Rate</b>	<b>\$8.6407</b>	<b>\$6.2605</b>	<b>\$2.3802</b>

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
<b>State of Missouri</b>			
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%
<b>Total State Tax Rate</b>	<b>1.225%</b>	<b>4.225%</b>	<b>0.000%</b>
<b>Jackson County</b>			
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%
<b>Total County Tax Rate</b>	<b>1.125%</b>	<b>1.125%</b>	<b>0.750%</b>
<b>City of Blue Springs</b>			
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%
<b>Total City Tax Rate</b>	<b>2.000%</b>	<b>2.000%</b>	<b>1.500%</b>
<b>Total Tax Rate</b>	<b>4.350%</b>	<b>7.350%</b>	<b>2.250%</b>

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 31<sup>st</sup> 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 39<sup>th</sup> 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	
<b>Target</b>						
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%
<b>Lowe's</b>						
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%
<b>Kohl's</b>						
1820 NW Chipman Road	\$5,353,664	\$5,541,042	\$5,541,042	\$5,541,042	\$5,541,042	3.50%
<b>Summitwoods Crossing</b>						
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
<b>Total Assessed Value</b>			\$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
<b>PILOTS</b>					<b>\$5,187,188</b>	<b>\$82,995</b>	<b>\$25,936</b>	<b>\$5,078,257</b>	<b>\$4,788,703</b>

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 2009	Forecast 2010	Sales 2011	Sales 2012
Target	132,498	\$248.00	\$9,400,000	\$32,859,504	\$33,919,488	\$34,846,974
<b>Grand Total Sales</b>			\$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 General 0.50%	County Drug Enf. 0.25%	City General Fund 1.00%	City Trans. 0.50%	Incremental Sales Tax Revenue	EATS 50%	Timely Deposit Refund 2.0%	State & City Collection Fees 1.5%	Net EATS	Available for Deposit into SAF
2008	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$0	\$9,400,000	\$47,000	\$23,500	\$94,000	\$47,000	\$211,500	\$105,750	\$2,115	\$1,586	\$102,049	\$23,294
2010	\$0	\$32,859,504	\$164,298	\$82,149	\$328,595	\$164,298	\$739,339	\$369,669	\$7,393	\$5,545	\$356,731	\$375,868
2011	\$0	\$33,819,488	\$169,097	\$20,848	\$338,195	\$169,097	\$697,237	\$348,619	\$6,972	\$5,229	\$336,417	\$339,812
2012	\$0	\$34,846,974	\$174,235	\$0	\$348,470	\$174,235	\$696,939	\$348,470	\$6,969	\$5,227	\$336,273	\$336,297
2013	\$0	\$35,369,679	\$176,848	\$0	\$353,697	\$176,848	\$707,394	\$353,697	\$7,074	\$5,305	\$341,317	\$340,474
2014	\$0	\$35,900,224	\$179,501	\$0	\$359,002	\$179,501	\$718,004	\$359,002	\$7,180	\$5,385	\$346,437	\$345,582
2015	\$0	\$36,438,727	\$182,194	\$0	\$364,387	\$182,194	\$728,775	\$364,387	\$7,288	\$5,466	\$351,634	\$350,765
2016	\$0	\$36,985,308	\$184,927	\$0	\$369,853	\$184,927	\$739,706	\$369,853	\$7,397	\$5,548	\$356,908	\$356,027
2017	\$0	\$37,540,088	\$187,700	\$0	\$375,401	\$187,700	\$750,802	\$375,401	\$7,508	\$5,631	\$362,262	\$361,367
2018	\$0	\$38,103,189	\$190,516	\$0	\$381,032	\$190,516	\$762,064	\$381,032	\$7,621	\$5,715	\$367,696	\$366,788
2019	\$0	\$38,674,737	\$193,374	\$0	\$386,747	\$193,374	\$773,495	\$386,747	\$7,735	\$5,801	\$373,211	\$372,289
2020	\$0	\$39,254,858	\$196,274	\$0	\$392,549	\$196,274	\$785,097	\$392,549	\$7,851	\$5,888	\$378,809	\$377,874
2021	\$0	\$39,843,681	\$199,218	\$0	\$398,437	\$199,218	\$796,874	\$398,437	\$7,969	\$5,977	\$384,492	\$383,542
2022	\$0	\$40,441,336	\$202,207	\$0	\$404,413	\$202,207	\$808,827	\$404,413	\$8,088	\$6,066	\$390,259	\$389,295
2023	\$0	\$41,047,956	\$205,240	\$0	\$410,480	\$205,240	\$820,959	\$410,480	\$8,210	\$6,157	\$396,113	\$395,134
2024	\$0	\$41,663,675	\$208,318	\$0	\$416,637	\$208,318	\$833,274	\$416,637	\$8,333	\$6,250	\$402,054	\$401,061
2025	\$0	\$42,288,630	\$211,443	\$0	\$422,886	\$211,443	\$845,773	\$422,886	\$8,458	\$6,343	\$408,085	\$407,077
2026	\$0	\$42,922,960	\$214,615	\$0	\$429,230	\$214,615	\$858,459	\$429,230	\$8,585	\$6,438	\$414,207	\$413,184
2027	\$0	\$43,566,804	\$217,834	\$0	\$435,668	\$217,834	\$871,336	\$435,668	\$8,713	\$6,535	\$420,420	\$419,381
2028	\$0	\$44,220,306	\$221,102	\$0	\$442,203	\$221,102	\$884,406	\$442,203	\$8,844	\$6,633	\$426,726	\$425,672
2029	\$0	\$44,883,611	\$224,418	\$0	\$448,836	\$224,418	\$897,672	\$448,836	\$8,977	\$6,733	\$433,127	\$432,057
2030	\$0	\$45,556,865	\$227,784	\$0	\$455,569	\$227,784	\$911,137	\$455,569	\$9,111	\$6,834	\$439,624	\$438,538
2031	\$0	\$44,086,564	\$220,433	\$0	\$440,866	\$220,433	\$881,731	\$440,866	\$8,817	\$6,613	\$425,435	\$427,807
<b>Total EATS</b>								<b>\$8,860,400</b>	<b>\$177,208</b>	<b>\$132,906</b>	<b>\$8,550,286</b>	<b>\$8,479,186</b>

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
<b>Totals</b>	<b>\$5,078,257</b>	<b>\$8,550,286</b>	<b>\$13,628,543</b>	<b>\$4,788,703</b>	<b>\$8,479,186</b>	<b>\$13,267,889</b>

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**

<b>Project Component</b>	<b>Space Sq. Ft.</b>
<b>Adams Dairy TDD</b>	
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
<b>Total Committed Space</b>	<b>178,799</b>
<b>Wal-Mart TDD</b>	
<b>Wal-Mart Supercenter</b>	<b>171,000</b>
<b>Home Depot TDD</b>	
<b>Home Depot</b>	<b>119,227</b>
<b>Grand Total Committed Space</b>	<b>469,026</b>

## **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 Sq. Ft.	Sales Per Sq. Ft.	Collections Commence	2009	Forecast 2010	Sales 2011	2012
<b>Adams Farm TDD</b>							
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
<b>Sub-total Sales</b>				<b>\$21,339,277</b>	<b>\$45,780,231</b>	<b>\$46,934,026</b>	<b>\$48,158,230</b>
<b>Cooperative Agreements</b>							
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
<b>Sub-total Sales</b>				<b>\$70,711,401</b>	<b>\$138,816,835</b>	<b>\$141,466,034</b>	<b>\$144,166,550</b>
<b>Grand Total Sales</b>				<b>\$92,050,678</b>	<b>\$184,597,066</b>	<b>\$188,400,059</b>	<b>\$192,324,780</b>

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

**Adams Farm Transportation Development District  
TDD Sales Tax Revenue Forecasts**

Year	Adams Farm TDD Retail Sales	TDD Sales Tax Revenue 1.00%	Wal-Mart Sales	Home Depot Sales	TDD Sales Tax Revenue 0.50%	Timely Deposit Refund 2.00%	Less: City Collection Fee 1.00%	Net TDD Sales Tax Revenue	Available for Deposit into TDD Fund
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	\$23,671,125

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 SummitWoods 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 Tuscan Village mixed-use development in St. Joseph, Missouri;
- 675,960 square foot Shoppes at North Village in St. Joseph, Missouri;
- 29<sup>th</sup> 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 Soulard located at 2500 South 18<sup>th</sup> 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)

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# CANYON RESEARCH SOUTHWEST, INC.

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COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

March 10, 2010

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

RE: Tax Increment Financing Revenue Projections  
Adams Farm Phase 2; 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 72-acre Adams Farm Redevelopment Project Area located at Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri. Phase 1 included the opening in October 2009 of a 131,630 square foot Target store.


TIF and TDD Sales Tax revenues were forecast for only those Phase 2 businesses: 1) open and operating as of the date of this report; 2) under construction or 3) executing signed leases/purchase agreements and scheduled to open for business during 2010. Based on these criteria those businesses incorporated in this report include Kohl's, M&I Bank, Arby's, Chipotle, Mattress Firm, Olive Garden, Staples, Petco, Gap Outlet, Maurice's, Famous Footwear, Gamestop, Sally Beauty, Books-a-Million, Gordmans and Michaels.

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

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# **CANYON RESEARCH SOUTHWEST, INC.**

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**COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS**

**TAX INCREMENT FINANCING REVENUE STUDY  
ADAMS FARM TAX INCREMENT PROJECT PHASE 2  
INTERSTATE 70 AND ADAMS DAIRY PARKWAY  
BLUE SPRINGS, MISSOURI**

March 2010

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# 10-02-02

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# SUMMARY OF MAJOR FINDINGS

Both Tax Increment Financing (“TIF”) and a Transportation Development District (“TDD”) will assist in funding redevelopment of the Adams Farm Redevelopment Project Area (“RPA”) located at the intersection of Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri. The Adams Farm RPA is being developed with the approximately 600,000 square foot Adams Dairy Landing shopping center. Phase 1 included the opening in October 2009 of a Target store. Phase 2 is scheduled to open in stages from November 2009 through October 2010.

This report evaluates the market viability of developing the Adams Farm RPA with a power center as well as forecast TIF and TDD Sales Tax revenue streams for committed Phase 2 businesses through maturity of the TIF Plan. TIF and TDD Sales Tax revenues were forecast for only those Phase 2 businesses: 1) open and operating as of the date of this report; 2) under construction or 3) executing signed leases/purchase agreements and scheduled to open for business during 2010. The report’s major findings are summarized below.

## **Competitive Retail Market Conditions**

The Adams Farm RPA is located within the Interstate 70 corridor which has historically served as eastern Jackson County’s principal retail destination. The Independence Center area with 2.9 million square feet of retail space serves as the primary node. However, in recent years new “sister stores” in the neighboring communities of Lee’s Summit and Blue Springs have eroded the retail market share for the Independence Center retail node.

Given the Adams Farm Redevelopment Project Area’s mix of big-box retailers and location at the periphery of the Kansas City MSA it supports an expanded retail trade area extending up to 25 miles to the east to the community of Grain Valley and beyond. The Adams Farm Redevelopment Project Area’s primary trade area encompasses a 5-mile radius taking in the community of Blue Springs. Pent-up demand for retail space within the primary trade area is currently 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 approximately 600,000 square feet of retail space planned for the Adams Farm RPA.

Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that the primary trade area is under retailled, 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 for the Adams Farm RPA.

Based on several market forces this report concluded that the Adams Farm RPA is a suitable power center development site. First, the property possesses the necessary infrastructure, parcel size and orientation, visibility, exposure and accessibility. Second, the site benefits from favorable trade area demographics, moderate direct competition and the fall 2009 opening of a 131,630 square foot Target store. Third, the location at the confluence of Interstate 70 and Adams Dairy Parkway creates an expanded trade area from which retailers can draw. Fourth, the

*Canyon Research Southwest, Inc.*

closest concentration of national big-box retailers is located outside of the primary trade area within the Independence Center retail node. Lastly, Blue Springs is a growing suburban community that is vastly under-retailed.

## **Tax Increment Financing Revenues**

Both Tax Increment Financing (“TIF”) and a Transportation Development District (“TDD”) will assist in funding redevelopment of the Adams Farm RPA. The Adams Farm Redevelopment Plan was activated on December 15, 2008.

TIF revenues were forecast for only those Adams Farm RPA Phase 2 businesses now open and operating, under construction or executing signed leases/purchase agreements or scheduled to open for business during 2010. Through maturity of the TIF Plan on December 14, 2031, the Adams Farm RPA Phase 2 is forecast to generate total net TIF revenues of \$23.3 million, exclusive of collection fees. Sources of TIF funds include \$8.7 million in PILOTS and \$14.8 million in EATS. Accounting for the lag in real property tax and sales tax receipts, an estimated \$22.6 million in TIF revenues are estimated to be collected prior to maturity of the TIF Plan.

## **TDD Sales Tax Revenues**

The Adams Farm TDD will impose a 1.0 percent TDD Sales Tax for up to 30 years on those Phase 2 businesses now open and operating, under construction or executing signed leases/purchase agreements and scheduled to open for business during 2010.

Through maturity of the Adams Farm TDD on December 31, 2038, Phase 2 businesses are forecast to generate total TDD Sales Tax revenue of approximately \$20.1 million, net of a timely deposit refund and collection fees. Accounting for the lag in sales tax receipts, an estimated \$19.9 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 and TDD Plans, those Phase 2 businesses now open and operating, under construction or executing signed leases/purchase agreements and scheduled to open for business during 2010 are estimated to generate \$43.4 million in TIF and TDD Sales Tax revenue, net of collection fees. Accounting for the lag in real property and sales tax receipts an estimated \$42.6 million in TIF and TDD Sales Tax revenues will be collected prior to maturity of the Adams Farm TIF and TDD Plans.

*These TIF and TDD Sales Tax 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 Redevelopment Project Area Phase 2**

Year	Net Revenues				Lagging Receipts			
	PILOTS 100%	EATS 50%	TDD Sales Tax	Total Net Revenues	PILOTS	EATS	TDD Sales Tax	Available Funds
2009	\$19,410	\$10,784	\$9,636	\$39,830	\$0	\$0	\$0	\$0
2010	\$41,040	\$355,588	\$317,716	\$714,344	\$19,410	\$306,946	\$274,254	\$600,610
2011	\$316,068	\$629,210	\$562,195	\$1,507,473	\$41,040	\$583,481	\$521,337	\$1,145,858
2012	\$316,068	\$651,410	\$582,031	\$1,549,509	\$316,068	\$647,700	\$578,716	\$1,542,484
2013	\$331,848	\$661,181	\$590,762	\$1,583,791	\$316,068	\$659,548	\$589,303	\$1,564,919
2014	\$331,848	\$671,099	\$599,623	\$1,602,570	\$331,848	\$669,441	\$598,142	\$1,599,432
2015	\$348,259	\$681,165	\$608,618	\$1,638,043	\$331,848	\$679,483	\$607,115	\$1,618,446
2016	\$348,259	\$691,383	\$617,747	\$1,657,389	\$348,259	\$689,675	\$616,221	\$1,654,156
2017	\$365,327	\$701,754	\$627,013	\$1,694,093	\$348,259	\$700,020	\$625,464	\$1,673,744
2018	\$365,327	\$652,652	\$636,418	\$1,654,397	\$365,327	\$660,858	\$634,846	\$1,661,031
2019	\$383,077	\$642,635	\$645,964	\$1,671,676	\$365,327	\$644,309	\$644,369	\$1,654,004
2020	\$383,077	\$652,274	\$655,654	\$1,691,005	\$383,077	\$650,663	\$654,035	\$1,687,775
2021	\$401,537	\$662,058	\$665,489	\$1,729,084	\$383,077	\$660,423	\$663,845	\$1,707,345
2022	\$401,537	\$671,989	\$675,471	\$1,748,997	\$401,537	\$670,330	\$673,803	\$1,745,669
2023	\$420,736	\$682,069	\$685,603	\$1,788,408	\$401,537	\$680,385	\$683,910	\$1,765,831
2024	\$420,736	\$692,300	\$695,887	\$1,808,923	\$420,736	\$690,590	\$694,168	\$1,805,494
2025	\$440,702	\$702,685	\$706,325	\$1,849,712	\$420,736	\$700,949	\$704,581	\$1,826,265
2026	\$440,702	\$713,225	\$716,920	\$1,870,847	\$440,702	\$711,463	\$715,149	\$1,867,315
2027	\$461,467	\$723,923	\$727,674	\$1,913,065	\$440,702	\$722,135	\$725,877	\$1,888,714
2028	\$461,467	\$734,782	\$738,589	\$1,934,839	\$461,467	\$732,967	\$736,765	\$1,931,200
2029	\$483,063	\$745,804	\$749,668	\$1,978,535	\$461,467	\$743,962	\$747,816	\$1,953,246
2030	\$483,063	\$756,991	\$760,913	\$2,000,967	\$483,063	\$755,121	\$759,034	\$1,997,218
2031	\$505,523	\$732,560	\$772,327	\$2,010,410	\$483,063	\$680,140	\$770,419	\$1,933,623
2032			\$783,912	\$783,912			\$781,976	\$781,976
2033			\$795,670	\$795,670			\$793,705	\$793,705
2034			\$807,605	\$807,605			\$805,610	\$805,610
2035			\$819,720	\$819,720			\$817,695	\$817,695
2036			\$832,015	\$832,015			\$829,960	\$829,960
2037			\$844,496	\$844,496			\$842,410	\$842,410
2038			\$857,163	\$857,163			\$855,046	\$855,046
<b>Totals</b>	<b>\$8,470,142</b>	<b>\$14,819,522</b>	<b>\$20,088,824</b>	<b>\$43,378,488</b>	<b>\$7,964,619</b>	<b>\$14,640,592</b>	<b>\$19,945,572</b>	<b>\$42,550,783</b>

Source: Canyon Research Southwest, Inc.; March 2010.

**TAX INCREMENT FINANCING REVENUE STUDY  
ADAMS FARM TAX INCREMENT PROJECT PHASE 2  
INTERSTATE 70 AND ADAMS DAIRY PARKWAY  
BLUE SPRINGS, MISSOURI**

March 2010

# 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 Phase 2 of the 72-acre Adams Farm Redevelopment Project Area (“RPA”) located at Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri. The initial phase of development included the opening in October 2009 of a 131,630 square foot Target store. Phase 2 is scheduled to open in stages from November 2009 through October 2010.

This report evaluates the development potential of the Adams Farm Redevelopment Project Area at the intersection of Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri with an approximately 600,000 square foot shopping center as well as forecasts TIF and TDD Sales Tax revenues through maturity of the TIF Plan for those businesses committed to opening in Phase 2. 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 RPA, including historical metropolitan Kansas City area retail market trends, historical trends in City of Blue Springs sales tax collections and new commercial construction, 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 Adams Farm RPA as a large-scale shopping center site. Based on the study findings, the suitability of developing the Adams Farm RPA 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 RPA Phase 2 through the statutory 23-year maturity of the TIF Plan. The TIF and TDD Sales Tax revenue forecasts are limited to 1) those businesses open and operating as of the date of this report; 2) businesses currently under construction; or 3) businesses executing signed leases/purchase agreements and scheduled to open for business during 2010 with the Adams Farm RPA Phase 2. Those businesses included in this report are Kohl’s, M&I Bank, Arby’s, Chipotle, Mattress Firm, Olive Garden, Staples, Petco, Gap Outlet, Maurice’s, Famous Footwear, Gamestop, Sally Beauty, Books-a-Million, Gordmans and Michaels.

***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.***

## 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 the Adams Farm RPA located at the southeast and southwest corners of Interstate 70 and Adams Dairy Parkway. The Adams Farm RPA is planned for development of the Adams Dairy Landing shopping center. The initial phase opened in October 2009 with a 131,630 square foot Target store. Phase 2 is scheduled to open in stages from November 2009 through October 2010.

This report forecasts TIF and TDD Sales Tax revenues for 1) those businesses open and operating as of the date of this report; 2) businesses currently under construction; or 3) businesses executing signed leases/purchase agreements and scheduled to open during 2010 with the Adams Farm RPA Phase 2.

Sixteen businesses totaling approximately 220,118 square feet of space are open for business, under construction or have committed to opening for business during 2010 within the Adams Farm RPA Phase 2. Phase 2 will be anchored by a 63,764 square foot Kohl's and 47,500 square foot Gordman's. Junior anchors will include Books-a-Million, Petco, Staples and Michaels. Those Phase 2 businesses open for business as of the date of this report include the Gap Outlet, Maurice's, Gamestop, Sally Beauty, Chipotle and Mattress Firm. Businesses under construction include Gordmans, Petco, Famous Footwear and Olive Garden.

### Adams Farm Redevelopment Project Area Businesses Committed to Open in Phase 2

Business Name	Size Sq. Ft.	Opening Date
<b>Open for Business</b>		
Maurice's	5,010	November 5, 2009
Sally Beauty	1,623	November 19, 2009
Gap Outlet	7,500	November 20, 2009
Gamestop	2,160	November 23, 2009
Mattress Firm	3,745	November 27, 2009
Chipotle	2,500	December 4, 2009
<b>Under Construction</b>		
Petco	13,500	March 1, 2010
Olive Garden	7,441	March 15, 2010
Famous Footwear	5,942	March 15, 2010
Gordmans	47,500	May 4, 2010
<b>Committed</b>		
Arby's	3,000	May 2010
Books-a-Million	12,500	May 2010
M&I Bank	4,240	June 2010
Michaels	21,390	July 2010
Staples	18,303	September 2010
Kohl's	63,764	October 2010
<b>Total Sq. Ft.</b>	<b>220,118</b>	

# RETAIL MARKETABILITY ANALYSIS

This section of the report evaluates the suitability of developing the Adams Farm Redevelopment Project Area (“RPA”) with the planned 600,000 square foot Adams Dairy Landing shopping center. The *Retail Marketability Analysis* evaluates directly competitive retail market conditions, forecast future trade area retail space demand and prepares a site evaluation.

## **Power Center Concept**

The 72-acre Adams Farm RPA located at the southeast and southwest corners of Interstate 70 and Adams Dairy Parkway in Blue Springs, Missouri is designed for the Adams Dairy Landing shopping center. The site plan dated November 19, 2009 designates the Adams Farm RPA for a mix of major anchors, junior anchors, small shops and out parcels totaling approximately 600,000 square feet of commercial space. According to the Urban Land Institute, Adams Dairy Landing is defined as a power center.

As defined by 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 2010* published by Lane4 Property Group, by year-end 2009 the Kansas City MSA maintained approximately 42.4 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 (8.15 million square feet), Southern Johnson County, Kansas (7.7 million) and Eastern Jackson County, Missouri (6.52 million square feet) possessed the largest inventories of shopping center space. Given the size of the Kansas City MSA (2.0 million residents), most 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 the Kansas City market 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

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### 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  
Books-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

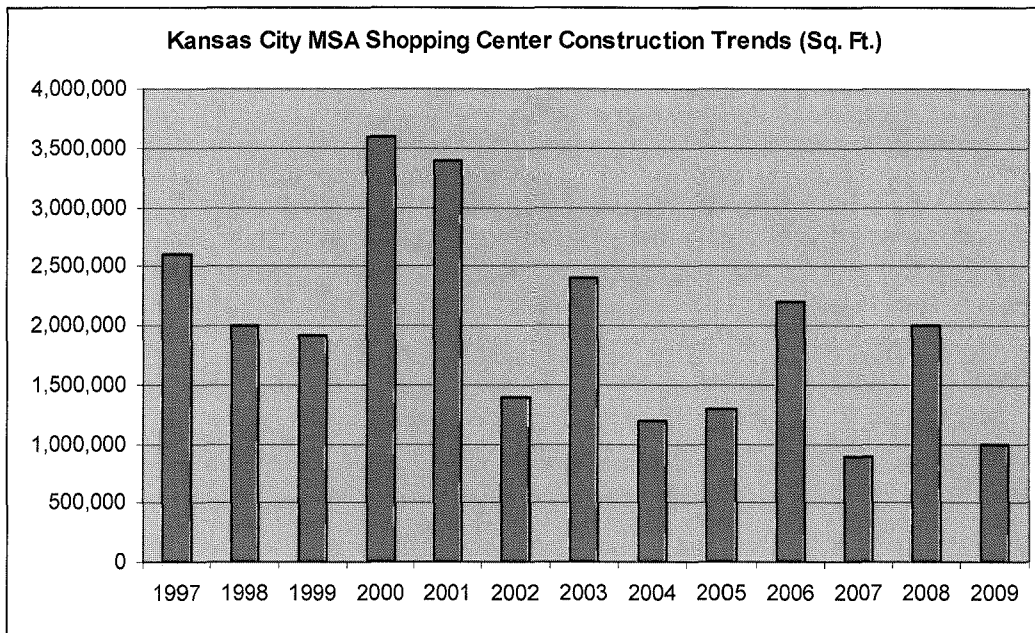
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With the recent completion of such upscale retail projects as the Kansas City Power & Light District in downtown Kansas City, Missouri and One Nineteen in Leawood, Kansas, several new restaurant chains opened in the Kansas City MSA, including Gordon Biersch Brewery & Restaurant, Maker's Mark Bourbon House & Lounge, PBR Big Sky, North and Sullivan's Steakhouse.



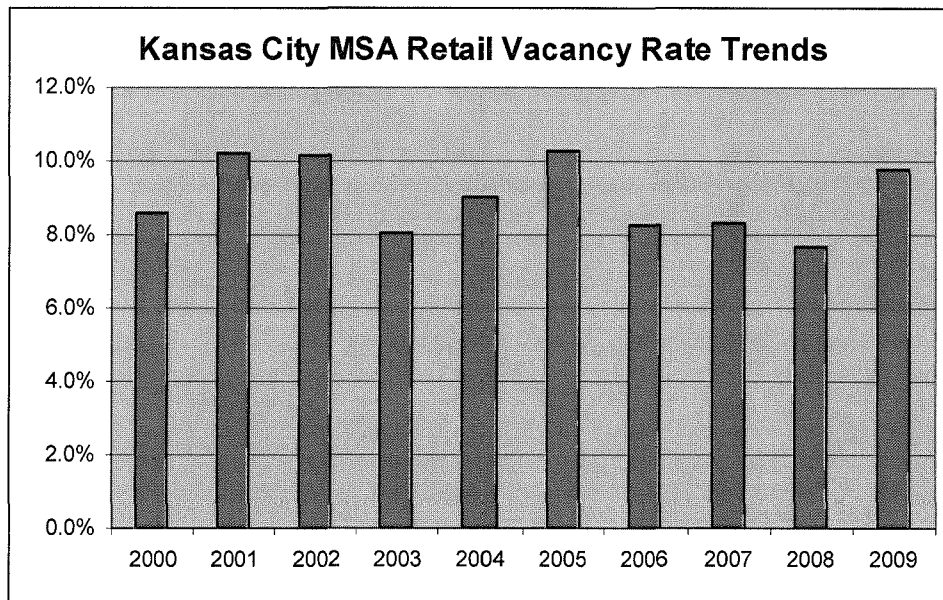
By 2009, the Kansas City MSA population approached nearly 2.0 million with a median household income exceeding \$54,000. These favorable demographics have fueled escalating retail sales volumes and aggressive shopping center development. For 2008, retail sales within the Kansas City MSA were reported 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. The growing suburban markets of Southern Johnson County, Kansas; the Northland region of Kansas City, Missouri; and Eastern Jackson County, Missouri supported the bulk of new shopping center construction. 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 continued 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 was a drop in the level of new retail construction in the Kansas City MSA to approximately 1.0 million square feet.

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 10.3 percent from two years earlier. The metro-wide vacancy rate improved to 7.7 percent by year-end 2008. During 2009 continued construction of shopping center space in the Kansas City MSA drove up the average vacancy rate to 9.8 percent by year-end.



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 Blue Ridge Crossing is being developed anchored by a Wal-Mart Supercenter and Lowe’s Home Improvement Warehouse. 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 million square feet of mixed-use retail and office and 590 hotel rooms. The project has received \$250 million in tax increment financing commitments from the state and city.

The average shopping center lease rate for the Kansas City MSA declined from \$12.69 per square foot triple-net in 2008 to \$12.13 per square foot in 2009. The lease rate for shop space averages \$10.21 per square foot triple-net within neighborhood shopping centers; \$14.24 per square foot for community centers and \$16.44 per square foot for power centers. High-end lifestyle centers rent for an average of \$21.31 per square foot. The Northwest Kansas City (\$20.24 per square foot), Southern Johnson County (\$17.85 per square foot) and Central Kansas City (\$16.65 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 2010* divides the Kansas City MSA into nine sub-markets. Year-end 2009 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 2009**

<b>Sub-market</b>	<b>Space Sq. Ft.</b>	<b>Vacant Space</b>	<b>Vacancy Rate</b>	<b>Average Lease Rate</b>
Northwest Kansas City	3,167,628	139,147	4.39%	\$20.24
Northeast Kansas City	5,223,128	505,858	9.68%	\$10.46
Central Kansas City	2,832,395	196,106	6.92%	\$16.65
South Kansas City	3,185,893	674,924	21.18%	\$9.15
Lee's Summit/Raymore/Belton	3,017,582	149,593	4.96%	\$14.29
East Jackson County	6,519,235	514,388	7.89%	\$9.78
Northern Johnson County	8,149,040	701,326	8.61%	\$11.04
Southern Johnson County	7,698,757	595,317	7.73%	\$17.85
Wyandotte County	2,649,743	685,976	25.89%	\$10.80
<b>Totals</b>	<b>42,443,401</b>	<b>4,162,635</b>	<b>9.81%</b>	<b>\$12.13</b>

Source: 2010 Kansas City Retail Report; Lane4 Property Group.

By year-end 2009 the Central Kansas City sub-market totaled 2.8 million square feet of shopping center space operating at a healthy vacancy rate of 6.9 percent. The Central Kansas City sub-market includes such retail destinations as downtown Kansas City, Westport, Crown Center and Country Club Plaza. Country Club Plaza has long been the Kansas City area's premiere shopping and dining district. Despite losing such high profile tenants as Sharper Image, Z Gallerie, Mark Shale and Harold's as a result of company-wide bankruptcy, Country Club Plaza continues to attract new tenants and generate strong retail sales. A new retail district in the Central Kansas City sub-market is the Kansas City Power & Light District in downtown Kansas City. The Baltimore-based Cordish Company has completed the first phase 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. The project is anchored by a host of national restaurant and bar chains as well as such unique venues as Lucky Strike Lanes, AMC Theatre, Midland by AMC and Sprint Studio.

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 135<sup>th</sup> 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 2009 total inventory of 8.4 million square feet of shopping center space. The average vacancy rate rose from 6.0 percent in year-end 2008 to 7.7 percent by year-end 2009. Highway 152 serves as the primary retail corridor with nodes 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. Phase 2 opened in 2008 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 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, in recent years the South Johnson County, Kansas sub-market represented the Kansas City area's hottest retail location supporting the highest land values, lease rates and levels of new construction. The 119<sup>th</sup> Street corridor serves as the primary retail destination with new retail construction now focusing on the 135<sup>th</sup> Street corridor. By year-end 2009, the South Johnson County sub-market maintained 7.7 million square feet of shopping center space operating at a 7.7 percent vacancy rate. Given the recent decline in lease rates and rise in vacancies many planned shopping centers in South Johnson County are now on hold.

The Eastern Jackson County, Missouri communities of Independence and Blue Springs now account for 15.4 percent of the Kansas City area's total inventory of shopping center space, or 6.5 million square feet. The area surrounding Independence Center at Interstate 70 and 291 Highway represents Eastern Jackson County's largest retail node supporting 2.9 million square feet of retail space. By year-end 2009, the East Jackson County sub-market was operating at an average vacancy rate of 7.9 percent, up from 5.8 percent at year-end 2008. A Bass Pro Shops store opened during 2007 within The Falls at Crackerneck Creek. Hobby Lobby and Mardel have recently opened stores adjacent to Bass Pro Shops. The former Blue Ridge Mall is being redeveloped as the Blue Ridge Crossing power center anchored by a 203,818 square foot Wal-Mart Supercenter and a 137,933 square foot Lowe's Home Improvement Center. During 2009, the initial phase of the 555,835 square foot Adams Dairy Landing shopping center located at Interstate 70 and Adams Dairy Parkway in Blue Springs opened consisting of a 131,630 square foot Target store.

The Wyandotte County, Kansas retail sub-market occupies the western portion of the Kansas City MSA. 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 Best Buy has opened immediately north of Village West. By year-end 2009 the Wyandotte County retail sub-market maintained 2.65 million square feet of shopping center space operating at a metro high average vacancy rate of 25.9 percent.

By year-end 2009, the Jackson County, Missouri communities of Lee's Summit, Raymore and Belton maintained 3.0 million square feet of shopping center space. In recent years strong population growth has fueled escalated 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 5.0 percent at an average lease rate of \$14.29 per square foot. During fall 2009, Macy's and JC Penney opened within the Summit Fair lifestyle center in Lee's Summit.

## **Conclusions**

From 2000 to 2008, a strong local economy marked by population growth and rising income levels fueled a growing and prosperous retail market. Kansas City's retail market benefited from accelerated new retail construction activity, expansion of a host of big-box retailers and the entry of new retailers to the market. The construction boom produced three significant retail development trends. First, growing income and tourism levels 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 many suburban communities supported accelerated retail construction activity led by power centers and big-box retailers. Third, the decline of first-ring malls provided the opportunity for big-box retailers to penetrate mature urban markets.

During 2009, the Kansas City MSA retail market entered into a correction phase that produced a 50 percent drop in new construction activity, declining average rents and escalating vacancies. Given the nation's current economic climate value retailers such as Wal-Mart fared the best. The local retail market is forecast to remain in a correction mode for 2010, marked by a continued drop in new construction activity, tenant expansion, lease rates and occupancies. Based on continued population growth and improving national and local economic conditions, the Kansas City retail market is forecast to stabilize in 2011 before supporting marginal gains in new construction and retail sales growth for 2012.

# **Competitive Retail Market Conditions**

The Adams Farm Redevelopment Project Area is located in Blue Springs, Missouri. This section of the report identifies directly competitive retail market conditions in Eastern Jackson County and Blue Springs.

## **Eastern Jackson County Retail Market**

The Adams Farm Redevelopment Project Area is located along Interstate 70 which has historically served as Eastern Jackson County's principal retail corridor. According to the *Kansas City 2010 Retail Report*, published by Lane4 Property Group, by year-end 2009, the Eastern Jackson County sub-market maintained 6.52 million square feet of shopping center space, accounting for 15.4 percent of the metropolitan area's total inventory.

Over the past year the inventory of unoccupied shopping center space in the Eastern Jackson County sub-market grew by 220,000 square feet which drove up the average vacancy rate from 5.8 percent at year-end 2008 to 7.9 percent by year-end 2009. By comparison, the metropolitan Kansas City vacancy rate rose from 7.7 percent at year-end 2008 to 9.8 percent by year-end 2009. The average lease rate for the surveyed shopping centers in Eastern Jackson County has remained constant over the past two years at \$9.78 per square foot.

The Independence Center retail node located at the intersection of Interstate 70 and 291 Highway 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. An estimated 116,320 people reside within a 5-mile radius of Independence Center, increasing to 384,061 residents within a 10-mile radius. 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 Pavilions Shopping Center. An 180,000 square foot Bass Pro Shops opened on February 21, 2008. In total, over 1.2 million square of shopping center space has been built surrounding Independence Center over the past eight years.

Continued retail development and increased competition from Lee's Summit, Blue Springs and Blue Ridge Crossing has adversely affected the Independence Center retail node. Recent retailer closings include Ultimate Electronics, Circuit City, Steinmart, Linens 'N Things, Thomasville and Bassett Furniture. The Pavilions at Hartman Heritage has been particularly hard hit with more than half of the space now unoccupied.

The intersection of US Highway 40 and Noland Road serves as a secondary retail node for Eastern Jackson County. Big-box retailers operating within this retail hub include Hy-Vee, Babies "R" Us, Gordmans, Petco, Cinema 6, Toys "R" Us, Westlake Ace Hardware, Dollar General, Dollar Tree and Old Time Pottery. Hobby Lobby recently relocated to The Falls at Crackerneck.

An emerging retail node 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. Phase 1 is now occupied by a 203,818 square foot Wal-Mart Supercenter that opened 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 opened in December 2008.

The Independence Center retail node located approximately seven miles to the west serves as the principal competitor to the Adams Farm Redevelopment Project Area. The Independence Center retail node houses the largest concentration of big-box retailers in Eastern Jackson County. 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 node.

Because of the large retail trade area supported by big-box retailers the Independence Center retail node 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 node.

### **Independence Center Retail Node Big-Box Retailers**

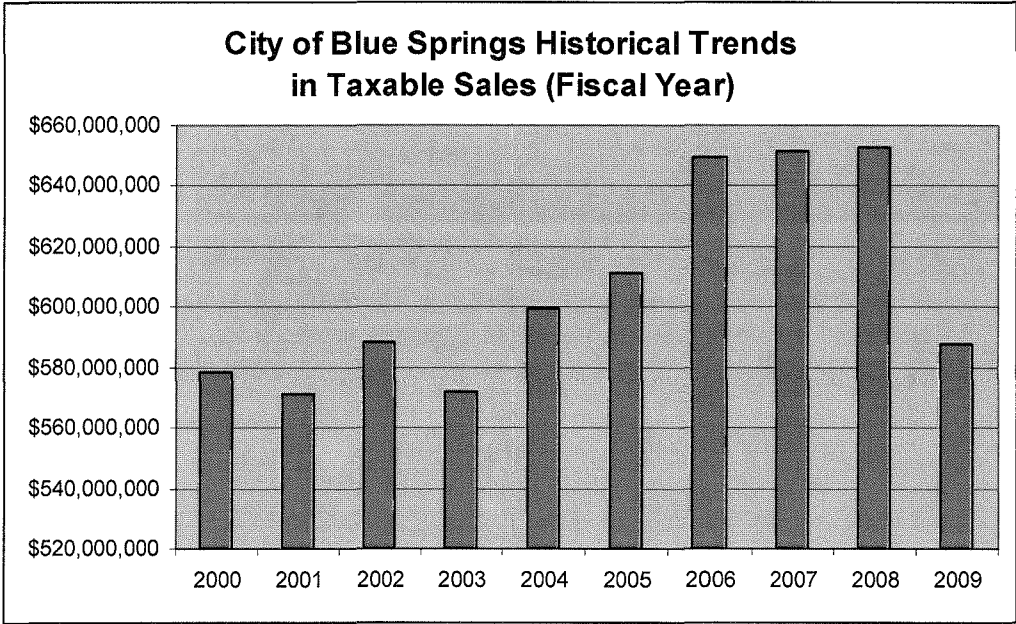
<b>Discount Department Store</b>	
Target Greatland	NEC 39th Street & Crackerneck Road
Wal-Mart	SWC 39th Street & MO 291
Kohl's	NEC 39th Street & Arrowhead Avenue
<b>Warehouse Club Stores</b>	
Costco	NEC I-470 & Hwy 40
Sam's Club	SWC 39th Street & MO 291
<b>Home Improvement</b>	
Lowe's Home Improvement Warehouse	NEC I-470 & Hwy 40
<b>Sporting Goods</b>	
Bass Pro Shops	NWC I-470 & Hwy 40
Dick's Sporting Goods	NWC 39th Street & Crackerneck Road
<b>Movie Theatre</b>	
AMC 20 Theatres	NEC 39th Street & Arrowhead Avenue
<b>Clothing &amp; Accessories</b>	
Dress Barn	NWC Jackson Drive & Little Blue Parkway
Marshalls	NEC 39th Street & Arrowhead Avenue
<b>Housewares &amp; Linens</b>	
Bed Bath & Beyond	NEC 39th Street & Arrowhead Avenue
<b>Other Big-Box Retailers</b>	
Barnes & Noble	NEC 39th Street & Arrowhead Avenue
Best Buy	NEC 39th Street & Arrowhead Avenue
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 the Falls at Crackerneck Creek located on 90.4 acres at the northwest corner of Interstate 470 and Highway 40. The Falls at Crackerneck Creek is anchored by an 180,000 square foot Bass Pro Shops that opened on February 21, 2008. The balance of the development plan includes 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. Hobby Lobby and Mardel recently opened stores at the Falls at Crackerneck Creek.

**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. The growth in taxable retail sales stemmed from increased population and continued shopping center construction. With the opening in 2005 of a Home Depot and Wal-Mart Supercenter taxable retail sales spiked through 2008. Throughout the 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.

During fiscal year 2009 taxable retail sales in Blue Springs declined to \$587.5 million due primarily to the weakening national economy. With the opening in late 2009 of a 131,630 Target store and the pending opening in 2010 of such national retailers as Kohl’s, Gordmans, Books-a-Million, Michaels, Petco and Staples taxable sales in Blue Springs are anticipated to rebound during 2010 and 2011.





## **Blue Springs Trends in Commercial Construction**

According to the City of Blue Springs, from 2000 to 2009 a reported 173 building permits were issued totaling approximately \$122.1 million in new retail construction. During 2004 the construction of Home Depot and Wal-Mart Supercenter produced a spike in new commercial permitting activity. New commercial construction peaked again during fiscal years 2007 to 2009 with the construction of Coronado Place, several freestanding restaurants and the initial two phases of the Adams Dairy Landing shopping center. Collectively, from fiscal years 2007 to 2009 a reported 47 permits were issued for new commercial construction valued at over \$60 million.

### **Trends in New Retail Construction City of Blue Springs, Missouri**

<b>Fiscal Year</b>	<b># of Permits</b>	<b>Estimated Value</b>
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
2008	19	\$18,602,272
2009	11	\$21,159,972
<b>Totals</b>	<b>173</b>	<b>\$122,138,418</b>
<b>Annual Average</b>	<b>17.3</b>	<b>\$12,213,842</b>

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* 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-retailed. Exclusive of automobile sales, annual retail sales for the primary trade area are estimated at approximately \$710.2 million. Supportable retail sales are forecast at \$1.07 billion, translating into retail sales leakage for the year estimated at \$364.6 million.

The initial phase Adams Farm Redevelopment Project Area is occupied by a Target store with Phase 2 to be occupied by Kohl's, Gordmans, 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. The significant retail sales leakage for clothing and accessories, home furnishings, eating and drinking establishments, and books/music bodes well for the successful market acceptance and strong retail sales volumes for those businesses committed to opening in Phase 2.

### Primary Trade Area Retail Sales Gap by Retail Category

Retail Categories	Demand - Supportable Consumer Expenditures	Supply - Estimated Retail Sales	Opportunity Gap / (Surplus)
<b>Total Primary Trade Area</b>	<b>\$1,074,855,188</b>	<b>\$710,233,106</b>	<b>\$364,622,082</b>
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; 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, Walgreens, Dollar General, Hobby Lobby, Office Depot, Payless ShoeSource, Hy-Vee, Price Chopper and Westlake Ace Hardware.

The intersection of Interstate 70 and Adams Dairy Parkway is emerging as a new retail destination. A 119,227 square foot Home Depot opened in 2003 and a 171,000 square foot Wal-Mart Supercenter opened in 2005. 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 is now occupied by Deals and Goodwill. In fall 2009, a 131,630 square foot Target store opened at Adams Dairy Landing. Coronado Place has also been constructed at the intersection of Interstate 70 and Adams Dairy Parkway, consisting of 28,329 square feet of small shops and five out parcels occupied by National Tire & Battery, Taco Bell, Sonic, Texas Roadhouse and Panda Express. Canyon Research Southwest, Inc. identified 16 freestanding big-box retailers and shopping centers in Blue Springs totaling 1.4 million square feet of space.

### Blue Springs Shopping Centers

Center Name	Location	Space Sq. Ft.	Classification
Target	1040 Adams Dairy Parkway	131,630	Freestanding Big-Box
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	28,329	Strip
Mock Plaza	I-70 & Rt 7	23,511	Strip
Plaza Center Palace	2400 S. Rt 7	20,000	Strip
Palo Center	3100 S. Rt 7	18,000	Strip
<b>Total Space</b>		<b>1,385,163</b>	

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 forecast for the Adams Farm Redevelopment Project Area's 5-mile radius primary trade area quantifies future competitive market opportunities.

Supportable retail sales are a function of consumer population and income levels. Claritas, Inc. estimates the primary trade area's population at 73,750 residents and per capita income of \$27,983, yielding total personal income of \$2.06 billion. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that the primary trade area is under retailed. Exclusive of automobile sales, total retail sales were 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 is sufficient to support approximately 1.44 million square feet of additional retail space in the primary trade area.

According to the *Missouri Retail Trade Analysis 2007* published by the Missouri Department of Economic Development, of the five Missouri counties encompassing the Kansas City MSA, Jackson County garnered the largest market share of retail sales with over 61 percent. In 2007, Jackson County attracted retail customers from a 14-county region producing a retail pull factor of 1.14 (equates to retail sales 14 percent above the statewide average). Conversely, findings of the Claritas, Inc. study suggest the primary trade area is experiencing considerable retail sales leakage with a retail pull factor, exclusive of automobile sales, estimated at 0.66.

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 approximately 600,000 square feet planned for Adams Dairy Landing.

### **Forecast Primary Trade Area Retail Space Demand; 2008 – 2013**

<b>Retail Sales Formula</b>	<b>2008</b>	<b>Growth 2008 - 2013</b>
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
<b>Supportable Additional Retail Space (Sq. Ft.)</b>	<b>1,441,194</b>	<b>264,561</b>

Source: Canyon Research Southwest, Inc.

# **Shopping Center Site Evaluation**

The Adams Farm Redevelopment Project Area (“RPA”) is planned for an approximately 600,000 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: availability of infrastructure; visibility; accessibility; traffic volumes; parcel size requirements; trade area demographics; and level of direct competition.

## **Availability of Infrastructure**

All forms of infrastructure necessary to facilitate commercial development are available to the Adams Farm RPA. The Adams Farm TIF Plan plans to fund necessary public road and utility improvement costs associated with the neighboring arterials of Coronado Drive, Adams Dairy Parkway and RD Mize Road.

## **Visibility**

Visibility and exposure have a significant influence on a shopping center’s and retail business’ achievable sales volumes. All shopping center types and freestanding retailers should possess major arterial frontage to maximize visibility and exposure. National and regional big-box retailer, restaurant and bank chains also require major arterial frontage. Large format shopping centers also prefer freeway and/or highway visibility. The Adams Farm RPA 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 RPA is provided via Interstate 70. Local access is provided via Highway 40, Route 7, Coronado Drive and Adams Dairy Parkway. 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 RPA 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 RPA were reported at 49,688 vehicles in 2008, providing retailers with excellent exposure.

## **Parcel Size and Dimensions**

Prospective retail development formats for the Adams Farm RPA include big-box retailers, power center, strip 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 power 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. Out parcels capable of accommodating restaurant, convenience store and bank branch uses generally occupy 1.0+ acres.

### **Site Requirements by Shopping Center Format**

<b>Center Type</b>	<b>Building Area Sq. Ft.</b>	<b>Land Area Acres</b>	<b>Anchor Ratio*</b>	<b>Primary Trade Area**</b>
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 RPA 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 an estimated population of 73,750 residents and an median household income of \$65,119. 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 the primary trade area's potential to support a more diverse retail market as well as the ability of the Adams Farm RPA 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
<b>Total Population</b>	60,480	73,750	80,577
<b>Households</b>	21,780	27,076	29,887
<b>Population by Age</b>			
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
<b>Median Age</b>	33.31	35.27	35.60
<b>Average Age</b>	33.59	35.15	35.99
<b>Household Income</b>			
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%
<b>Average Household Income</b>	\$64,835	\$76,031	\$83,113
<b>Median Household Income</b>	\$56,278	\$65,119	\$70,017
<b>Per Capita Income</b>	\$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. Kohl's and Gordmans will anchor the Adams Farm RPA Phase 2. Both Kohl's and Gordmans operate "sister" stores in Independence. 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 \$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 Kohl's and Gordmans stores.

Junior anchors that have committed to opening stores in Adams Farm RPA Phase 2 include Petco, Books-a-Million, Michaels and Staples. No directly competitive junior anchors operate within a 5-mile radius of the Adams Farm RPA.

Independence Center is situated nearly seven miles west of Adams Farm RPA, allowing the opportunity to accommodate sister stores. Petco operates a store at Highway 40 and Sterling Road in Independence. Petsmart, Books-a-Million, Michaels and Staples don't operate stores in the Independence Center node. Such direct competitors as Barnes & Noble, Hobby Lobby, Dress Barn, Office Max operate stores in the Independence Center node. This limited direct competition bodes well for those junior anchors scheduled to open during 2010 within the Adams Farm RPA.

Major sit-down restaurant chains operating stores in Blue Springs are limited to Applebee's, Bob Evans, Culver's, Denny's, 54<sup>th</sup> Street Bar & Grill, Golden Corral and Winstead's. Fast food restaurants include Arby's, Backyard Burger, Dairy Queen, Fazoli's, KFC, Long John Silvers, McDonalds, Pizza Hut, Sonic, Taco Bell, Waffle House and Wendy's. Restaurants operating within the Adams Farm Redevelopment Project Area include Chipotle, Panda Express, Sonic, Taco Bell, Panera Bread and Texas Roadhouse. Meanwhile, the Independence Center retail node supports a much wider selection of restaurants including Buffalo Wild Wings, Carrabba's, Chili's, Hereford House, Joe's Crab Shack, Longhorn Steakhouse, On the Border and Outback Steakhouse. 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 RPA will be able to support planned big-box retailers of Kohl's, Gordmans, Petco, Books-a-Million, Michaels and Staples. The out parcels along Coronado Drive are suitable for restaurants.

## **Conclusions**

Based on standard site evaluation criteria, this report concluded that the Adams Farm RPA is a feasible power center site, possessing the necessary infrastructure, parcel size and orientation, visibility, exposure and accessibility. Favorable trade area demographics and moderate direct competition should greatly improve the ability to support big-box retailers and power center development. The commitment by both Target and Lowe's to anchor the center is testimony to the viability of the Adams Farm RPA as a power center development site.



## Conclusions

The Adams Farm Redevelopment Project Area (“RPA”) is located within the Interstate 70 corridor in eastern Jackson County. This corridor has historically served as eastern Jackson County’s principal retail destination. The Independence Center area with 2.9 million square feet of retail space serves as the primary retail node. However, in recent years new “sister stores” in the neighboring communities of Lee’s Summit and Blue Springs have eroded the retail market share for the Independence Center retail node.

The Adams Farm Redevelopment Project Area’s primary trade area encompasses a 5-mile radius from the site. Pent-up retail space demand 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 approximately 600,000 square feet of retail space planned for the Adams Farm RPA.

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 RPA.

The ability of the Adams Farm RPA to support power center development is influenced by several factors. First, the property possesses the necessary infrastructure, parcel size and orientation, visibility, exposure and accessibility. Second, the site benefits from favorable trade area demographics, moderate direct competition and the fall 2009 opening of a 131,630 square foot Target store. Third, the location at the confluence of Interstate 70 and Adams Dairy Parkway creates an expanded trade area from which retailers can draw. Fourth, the closest concentration of national big-box retailers is located outside of the primary trade area within the Independence Center retail node. Lastly, Blue Springs is a growing suburban community that is vastly under-retailed. These market forces enhance the potential for the Adams Farm RPA to attract the necessary big-box retailers to support power center development.

## TIF REVENUE PROJECTIONS

The Adams Farm Redevelopment Project Area (“RPA”) 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 for Adams Farm RPA Phase 2 through maturity of the adopted TIF Plan. TIF revenues are forecast for only those businesses 1) open and operating as of the date of this report; 2) under construction or 3) executing signed leases/purchase agreements and scheduled to open for business during 2010.

As of the date of this report 16 businesses occupying 220,118 square feet of space were either open for business or have committed to opening within the Adams Farm Redevelopment Project Area Phase 2. Those businesses included in this report are identified in the table below.

Those businesses open and operating as of the date of this report include Maurice’s, Sally Beauty, Gap Outlet, Gamestop, Mattress Firm and Chipotle. Businesses under construction include Gordmans, Petco, Famous Footwear and Olive Garden.

Those businesses executing a signed lease and schedule to open during 2010 within the Adams Farm RPA Phase 2 include Arby’s, Books-a-Million, M&I Bank, Michaels, Staples and Kohl’s.

### Adams Farm Redevelopment Project Area Businesses Committed to Open in Phase 2

Business Name	Size Sq. Ft.	Opening Date
<b>Open for Business</b>		
Maurice's	5,010	November 5, 2009
Sally Beauty	1,623	November 19, 2009
Gap Outlet	7,500	November 20, 2009
Gamestop	2,160	November 23, 2009
Mattress Firm	3,745	November 27, 2009
Chipotle	2,500	December 4, 2009
<b>Under Construction</b>		
Petco	13,500	March 1, 2010
Olive Garden	7,441	March 15, 2010
Famous Footwear	5,942	March 15, 2010
Gordmans	47,500	May 4, 2010
<b>Committed</b>		
Arby's	3,000	May 1, 2010
Books-a-Million	12,500	May 1, 2010
M&I Bank	4,240	June 1, 2010
Michaels	21,390	July 1, 2010
Staples	18,303	September 1, 2010
Kohl's	63,764	October 1, 2010
<b>Total Sq. Ft.</b>	<b>220,118</b>	

## **Methodology for Forecasting TIF Revenues**

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 Area.

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 Adams Farm RPA 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 base year fair market value of Adams Farm RPA totaled \$8,377,672. At an assessment ratio of 32 percent for commercial property the assessed value is \$2,680,855.

As summarized by the table on page 25, according to the Jackson County Assessor’s Office, the January 1, 2008 base year assessed value of Adams Farm RPA Phase 2 totaled \$1,279,606. Based on the 2008 TIF-eligible property tax rate of \$6.2605 per \$100 of assessed valuation the TIF-eligible base year real property taxes used to calculate incremental PILOTS are estimated at \$80,110.

**TIF-Eligible Base Year Property Tax Estimates  
Adams Farm Redevelopment Project Area Phase 2**

<b>Parcel #</b>	<b>2008 Assessed Value</b>	<b>2008 TIF-Eligible Tax Rate</b>	<b>TIF-Eligible Property Taxes</b>
<b>Project Area A</b>			
35-500-03-58-00-0-00-000	\$55,826	\$0.062605	\$3,494.99
35-500-03-59-00-0-00-000	\$349,675	\$0.062605	\$21,891.40
35-500-04-44-00-0-00-000	\$492,455	\$0.062605	\$30,830.15
35-500-04-45-00-0-00-000	\$378,466	\$0.062605	\$23,693.86
<b>Totals</b>	<b>\$1,276,422</b>		<b>\$79,910.40</b>
<b>Project Area B</b>			
36-500-04-39-00-0-00-000	\$300	\$0.062605	\$18.78
36-500-04-42-00-0-00-000	\$133	\$0.062605	\$8.33
<b>Totals</b>	<b>\$433</b>		<b>\$27.11</b>
<b>Project Area C</b>			
35-500-03-62-00-0-00-000	\$2,751	\$0.062605	\$172.23
<b>Totals</b>	<b>\$2,751</b>		<b>\$172.23</b>
<b>Base Year Totals</b>	<b>\$1,279,606</b>		<b>\$80,109.73</b>

Source: Jackson County Assessor.

Reassessment of real property in Missouri is conducted every two years, as of January 1<sup>st</sup> 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 1<sup>st</sup> of each year for all local jurisdictions except counties, and by September 20<sup>th</sup> for counties. Because any future adjustments that may occur are unknown, the 2009 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; 2009  
Adams Farm Redevelopment Project Area**

<b>Taxing District</b>	<b>Tax Rate</b>	<b>TIF Captured</b>	<b>TIF- Ineligible</b>
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	\$0.3200	\$0.3200	\$0.0000
Metro Junior College	\$0.2266	\$0.2266	\$0.0000
Blue Springs School District	\$5.5307	\$4.2863	\$1.2444
City of Blue Springs	\$0.7259	\$0.7259	\$0.0000
Fire District	\$1.0974	\$0.0000	\$1.0974
<b>Total Tax Rate</b>	<b>\$8.6702</b>	<b>\$6.2984</b>	<b>\$2.3718</b>

Source: Jackson County.

Through maturity of the Adams Farm TIF Plan the 2009 adjusted rate was used to estimate future property tax revenues. The 2009 ad valorem property tax rate levy for the Adams Farm RPA is \$8.6702 per \$100 of assessed valuation.

Several taxing districts either don’t contribute or share only a portion of the property tax levy with the Adams Farm TIF Plan. The Blue Springs School District receives a capital contribution equal 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 \$1.0974 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 \$6.2984 per \$100 of assessed valuation. This report did not calculate personal property tax collections as they are not TIF eligible.

## **Economic Activity 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 that went 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 Community Backed Anti-Drug (“COMBAT”) sales tax was scheduled to sunset on March 31, 2011, but on November 4, 2009 voters approved to extend the tax for an additional seven years. Though the COMBAT sales tax has been renewed by voters for additional seven year terms in 1996, 2003 and 2009, for the purpose of this report will expire on March 31, 2018. 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, 2018

As summarized by the table on page 28, the TIF-eligible combined City and County sales tax rate for the Adams Farm TIF Plan is 2.25 percent. With the sunset of the Drug Task Force sales tax on March 31, 2011 the TIF-eligible sales tax rate drops to 2.0 percent.

The incremental EATS generated by the Adams Farm RPA 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. The Adams Farm RPA 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
<b>State of Missouri</b>			
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%
<b>Total State Tax Rate</b>	<b>1.225%</b>	<b>4.225%</b>	<b>0.000%</b>
<b>Jackson County</b>			
General	0.500%	0.500%	0.500%
Capital Improvements	0.375%	0.375%	0.000%
COMBAT (Expires March 31, 2018)	0.250%	0.250%	0.250%
<b>Total County Tax Rate</b>	<b>1.125%</b>	<b>1.125%</b>	<b>0.750%</b>
<b>City of Blue Springs</b>			
General Fund	1.000%	1.000%	1.000%
Transportation	0.500%	0.500%	0.500%
Firefighters Sales Tax	0.500%	0.500%	0.000%
<b>Total City Tax Rate</b>	<b>2.000%</b>	<b>2.000%</b>	<b>1.500%</b>
<b>Total Tax Rate</b>	<b>4.350%</b>	<b>7.350%</b>	<b>2.250%</b>

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 RPA 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. The Adams Farm TIF Plan allows for the capture of both Tax Increment Financing ("TIF") and Transportation Development District ("TDD") Sales Tax revenues.

This report provides TIF and TDD Sales Tax revenue estimates for Adams Farm RPA Phase 2 for only those businesses 1) open and operating as of the date of this report; 2) under construction or 3) executing signed leases/purchase agreements and scheduled to open for business during 2010. Those businesses included in this report are identified in the table below.

### **Adams Farm Redevelopment Project Area Businesses Committed to Open in Phase 2**

<b>Business Name</b>	<b>Size Sq. Ft.</b>	<b>Opening Date</b>
<b>Open for Business</b>		
Maurice's	5,010	November 5, 2009
Sally Beauty	1,623	November 19, 2009
Gap Outlet	7,500	November 20, 2009
Gamestop	2,160	November 23, 2009
Mattress Firm	3,745	November 27, 2009
Chipotle	2,500	December 4, 2009
<b>Under Construction</b>		
Petco	13,500	March 1, 2010
Olive Garden	7,441	March 15, 2010
Famous Footwear	5,942	March 15, 2010
Gordmans	47,500	May 4, 2010
<b>Committed</b>		
Arby's	3,000	May 1, 2010
Books-a-Million	12,500	May 1, 2010
M&I Bank	4,240	June 1, 2010
Michaels	21,390	July 1, 2010
Staples	18,303	September 1, 2010
Kohl's	63,764	October 1, 2010
<b>Total Sq. Ft.</b>	<b>220,118</b>	

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 31<sup>st</sup> 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 (“RPA”) Phase 2 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 RPA Phase 2 were estimated based on the incremental increase in the base year real property taxes of \$80,110 associated with the 220,118 square feet of commercial space either open or scheduled for completion during 2010.

On January 1, 2009 the Adams Farm RPA Phase 2 was under going site work, but for the purpose of assessment remained vacant. As outlined in the table below, the Jackson County Assessor applied a total assessed valuation for the Adams Farm RPA Phase 2 at \$1,586,688. By comparison, the base year assessed valuation was \$1,279,606. Excluding the replacement tax which is not subject to TIF-capture, the 2009 real property tax levy totaled \$140,453.25, of which \$99,935.96 was eligible for TIF capture. By subtracting the base year real property taxes of \$80,109.73 yields incremental TIF revenues of \$19,826.23 for 2009.

#### Adams Farm RPA Phase 2 PILOTS – 2009

Parcel	Assessed Value - 2009	TIF-Eligible Tax Rate	TIF-Eligible Taxes
36-500-03-58-00-0-00-000	\$111,104	\$0.062984	\$6,997.77
36-500-03-59-00-0-00-000	\$260,928	\$0.062984	\$16,434.29
36-500-04-42-00-0-00-000	\$89,600	\$0.062984	\$5,643.37
36-500-04-44-00-0-00-000	\$367,360	\$0.062984	\$23,137.80
36-500-04-45-00-0-00-000	\$282,400	\$0.062984	\$17,786.68
36-500-04-39-00-0-00-000	\$201,600	\$0.062984	\$12,697.57
36-500-03-62-00-0-00-000	\$273,696	\$0.062984	\$17,238.47
<b>Total TIF-Eligible Property Taxes</b>			<b>\$99,935.96</b>
<b>Less: Base Year Property Taxes</b>			<b>-\$80,109.73</b>
<b>Incremental PILOTS</b>			<b>\$19,826.23</b>

Source: Jackson County Assessor.

By year-end 2009 a reported 22,538 square feet of commercial space was completed and occupied within the Adams Farm RPA Phase 2. The completed commercial space includes 16,293 square feet of inline shops occupied by Maurice’s, Sally Beauty, Gap Outlet and Gamestop as well as 6,245 square feet of out parcel shops occupied by Mattress Firm and Chipolte. The commercial space completed during 2009 will be re-assessed “as complete” on January 1, 2010. The Jackson County Assessor has yet to publish final assessed valuations for completed commercial space within the Adams Farm RPA Phase 2. Therefore, this report provides estimates of January 1, 2010 assessed valuations based on an interview with Jackson

County Assessor office staff and actual January 1, 2009 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 value for newly constructed small shop space generally ranges from \$100 to \$110 per square foot. Due to higher land values freestanding small shop space garners a value of \$110 to \$125 per square foot. During the 2009 re-assessment year in Jackson County commercial property values generally remained flat or declined slightly. A loss in value generally resulted from increased vacancies and/or declining rental income.

Actual January 1, 2009 market values for comparable small shop space in Eastern Jackson County are identified in the table below. The comparables included SummitWoods Crossing in Lee's Summit, the newly constructed Blue Ridge Crossing in Kansas City and the Coronado Place shopping center located in close proximity to the Adams Farm Redevelopment Project Area. Both SummitWoods Crossing and Blue Ridge Crossing area power centers similar to Adams Dairy Landing while Coronado Place is a strip center. Current market values for the small shops within these three comparable shopping centers ranged from \$101.46 to \$137.95 per square foot.

### Actual January 1, 2009 Market Valuations Comparable Small Shop Space

Store/Location	Year Built	Space Sq. Ft.	Market Value	Per Sq. Ft. Value
<b>Blue Ridge Crossing – Kansas City</b>				
Lot 4 – Small Shops	2008	22,567	\$2,511,330	\$111.28
<b>SummitWoods Crossing - Lee's Summit</b>				
Small Shops	2001	76,922	\$7,804,800	\$101.46
<b>Coronado Place – Blue Springs</b>				
Lot 1 – Small Shops	2008	13,329	\$1,838,700	\$137.95
Lots 6, 7 & 8 – Small Shops	2009	15,000	\$1,771,700	\$118.11

Source: Jackson County Assessor and Canyon Research Southwest, Inc.

Based on our analysis the January 1, 2010 appraised value for the existing 22,538 square feet of commercial shop space that was completed and occupied within the Adams Farm RPA Phase 2 is estimated at \$110 per square foot for the inline shops and \$120 per square foot for the out parcel shops. The market value for the undeveloped land within Phase 2 remained at the January 1, 2009 values as reported by the Jackson County Assessor. Collectively, the January 1, 2010 market value for the Adams Farm RPA Phase 2 is estimated at approximately \$6.05 million. Applying the commercial assessment rate of 32 percent yields an assessed valuation of approximately \$1.94 million.

### **Adams Farm Redevelopment Project Area Phase 2 Estimated January 1, 2010 Assessed Valuation**

<b>Project Component</b>	<b>Space Sq. Ft.</b>	<b>Value Per Sq. Ft.</b>	<b>Market Value</b>	<b>Assessed Value</b>
Inline Shops	16,293	\$110	\$1,792,230	\$573,514
Out Parcel Shops	6,245	\$120	\$749,400	\$239,808
Project A - Vacant Land			\$2,377,700	\$760,864
Project B - Vacant Land			\$280,000	\$89,600
Project C - Vacant Land			\$855,300	\$273,696
<b>Totals</b>			<b>\$6,054,630</b>	<b>\$1,937,482</b>

Source: Canyon Research Southwest, Inc.

By year-end 2010 an additional 197,580 square feet of commercial space is scheduled for completion and occupied within the Adams Farm RPA Phase 2. Those businesses scheduled to open for business in 2010 include Kohl's, Gordmans, Michaels, Staples, Petco, Books-a-Million, Famous Footwear, Arby's, Olive Garden and M&I Bank.

According to Jackson County Assessor staff, the market values for discount department stores such as Gordmans and Kohl's are generally valued at \$70 to \$80 per square foot. Meanwhile, junior anchors such as Books-a-Million, Petco, Staples and Michaels are generally valued at \$75 to \$85 per square foot. Out parcels supporting restaurants and bank branches are generally valued at \$140 to \$220 per square foot. During the 2009 re-assessment year in Jackson County commercial property values generally remained flat or declined slightly.

Actual January 1, 2009 market value comparables include the Kohl's and Target stores and cluster of junior anchors at SummitWoods Crossing in Lee's Summit as well as Independence Commons, Bolger Square West and Hartman Heritage Center located within the Independence Center retail node. As outlined by the table on page 33, the 2009 market values for comparable big-box stores range from \$64.00 to \$81.36 per square foot. Junior anchors within large-scale power center are valued at \$74.00 to \$84.45 per square foot. Four existing Arby's restaurants in Blue Springs, Independence and Lee's Summit are valued at \$541,211 to \$650,800. Market values for chain sit-down restaurants range from \$699,475 to \$1.5 million.

The January 1, 2009 market values for Bank of America, Commerce Bank and US Bank branches open in Blue Springs, Independence and Lee's Summit were researched to estimate the future market value of the M&I Bank branch planned for the Adams Farm Redevelopment Project Area Phase 2. As reported by the Jackson County Assessor, the market values for bank branches range from \$550,000 to \$1,227,780, averaging approximately \$777,400. According to Marshall Valuation Service the market value of Good Class "A" and "B" bank branches in the Midwest generally ranges from approximately \$200 to \$210 per square foot.

**Actual January 1, 2009 Market Valuations  
Comparable Big-Box Stores and Out Parcels**

<b>Store/Location</b>	<b>Year Built</b>	<b>Space Sq. Ft.</b>	<b>Market Value</b>	<b>Per Sq. Ft.</b>
<b>Kohl's</b>				
1820 NW Chipman Road; Lee's Summit	2001	86,584	\$5,541,042	\$64.00
<b>Target</b>				
1850 NW Chipman Road; Lee's Summit	2001	175,000	\$13,475,000	\$77.00
17810 E. 39th Street; Independence	1999	137,222	\$9,400,000	\$68.50
<b>Wal-Mart Supercenter</b>				
600 NE Coronado Drive; Blue Springs	2005	171,000	\$12,255,200	\$71.67
<b>Dick's Sporting Goods</b>				
17730 E. 39th Street; Independence	1999	45,000	\$3,661,000	\$81.36
<b>Power Centers</b>				
SummitWoods Crossing; Lee's Summit	2001	239,403	\$18,870,000	\$78.82
Independence Commons; Independence	1995	382,830	\$32,011,941	\$83.62
Hartman Heritage Center; Independence	2002	210,800	\$15,600,000	\$74.00
Bolger Square East; Independence	2002	111,000	\$9,373,815	\$84.45
<b>Arby's</b>				
20111 E. Valley View Parkway; Independence	2008	3,000	\$650,800	\$216.93
1027 NE Rice; Lee's Summit		3,000	\$627,000	\$209.00
200 SW MO 150 Highway; Lee's Summit			\$571,100	
730 S. 7 Highway; Blue Springs			\$541,211	
<b>Out Parcels</b>				
Applebee's - 4181 Sterling Avenue; Kansas City	2008	5,400	\$699,475	\$129.53
Taco Bell - 545 NE Coronado; Blue Springs	2008	2,780	\$840,300	\$302.27
Texas Roadhouse - 455 NE Coronado; Blue Springs	2008	11,359	\$1,481,000	\$130.38
Chili's - 18900 E. 39th Street; Independence		6,600	\$1,242,927	\$188.32
Smokehouse - 19000 E. 39th Street; Independence		7,000	\$936,000	\$133.71
Fazoli's - 19008 E. 39th Street; Independence		3,500	\$704,938	\$201.41
On the Border - 1800 NW Chipman; Lee's Summit	2001		\$1,275,000	
Bob Evans - 1680 NW Chipman; Lee's Summit	2001		\$1,362,000	
Longhorn - 1696 NW Chipman; Lee's Summit	2001		\$1,208,000	
Joe's Crab Shack - 20001 Jackson; Independence	2002		\$1,194,334	
Hooter's - 19850 Valley View; Independence	2007		\$1,058,998	
IHOP - 20100 E. Valley View; Independence	2007		\$1,149,391	

Source: Jackson County Assessor and Canyon Research Southwest, Inc.

January 1, 2011 is a re-assessment year. For the purpose of this report the market value of those project components completed in 2009 and re-assessed on January 1, 2010 will remain constant for the January 1, 2011 assessment. Based on our analysis the January 1, 2011 appraised value for the 220,118 square feet of commercial space either open or scheduled for completion and occupied by year-end 2010 within the Adams Farm RPA Phase 2 is estimated at \$75 to \$80 per square foot for the major anchors; \$85 per square foot for the junior anchors; \$175 to \$210 per square foot for the freestanding restaurants and \$200 per square foot for the bank branch.

As outlined in the table below, the January 1, 2011 market value for the Adams Farm RPA Phase 2 is estimated at approximately \$20 million. Applying the commercial assessment rate of 32 percent yields an assessed valuation of approximately \$6.4 million.

**Adams Farm Redevelopment Project Area Phase 2  
Estimated January 1, 2011 Assessed Valuation**

<b>Project Component</b>	<b>Space Sq. Ft.</b>	<b>Value Per Sq. Ft.</b>	<b>Market Value</b>	<b>Assessed Value</b>
Inline Shops	16,293	\$110	\$1,792,230	\$573,514
Out Parcel Shops	6,245	\$120	\$749,400	\$239,808
Kohl's	63,764	\$75	\$4,782,300	\$1,530,336
Gordmans	47,500	\$80	\$3,800,000	\$1,216,000
Junior Anchors	71635	\$85	\$6,088,975	\$1,948,472
Arby's	3,000	\$210	\$630,000	\$201,600
Olive Garden	7,441	\$175	\$1,302,175	\$416,696
M&I Bank	4,240	\$200	\$848,000	\$271,360
<b>Totals</b>	<b>220,118</b>		<b>\$19,993,080</b>	<b>\$6,397,786</b>

Source: Canyon Research Southwest, Inc.

Real property in Jackson County is assessed in odd-numbered years. Future appreciation rates for the big-box retailers, small shop space and out parcels within the Adams Farm RPA Phase 2 were estimated based on historical inflation rates and actual appreciation of similar real property. For the 20-year period from 1990 through 2009 the Consumer Price Index ("CPI") rose at an average annual rate of 2.785 percent, translating into a bi-annual compounded rate of 5.65 percent. As illustrated by the table on page 35, from 2004 to 2009 actual market valuations for comparable big-box retailers and small shops in Jackson County increased at an average annual rate of -1.0 to 10.2 percent, averaging 1.9 percent per year and a bi-annual compounded rate of 3.8 percent. Those comparable retail properties that declined in value during recent years generally resulted from increased vacancies and/or declining rental income.

Based on continued soft retail market conditions within the Kansas City MSA the assessed valuations for the Adams Farm RPA Phase 2 are forecast to remain flat from 2010 through 2012. By 2013 market conditions are anticipated to fully recover. For the purpose of this report from 2013 through maturity of the TIF Plan the market values for the individual components of the Adams Farm RPA Phase 2 were escalated at a conservative rate of 4.0 percent on odd-numbered re-assessment years.

## Comparable Big-Box Stores and Power Centers Historical Trends in Appraised Valuation

Store	2004	2005	2006	2007	2008	2009	%
							Change
<b>Target</b>							
17810 E. 39th Street	\$8,841,473	\$9,150,925	\$9,150,925	\$9,988,144	\$9,988,144	\$9,400,000	6.32%
1850 NW Chipman Road	\$11,145,230	\$11,535,313	\$11,535,313	\$14,500,000	\$14,500,000	\$13,475,000	20.90%
<b>Wal-Mart Supercenter</b>							
600 NE Coronado					\$12,255,200	\$12,255,200	0.06%
<b>Kohl's</b>							
1820 NW Chipman Road	\$5,353,664	\$5,541,042	\$5,541,042	\$5,541,042	\$5,541,042	\$5,541,042	3.50%
<b>Lowe's</b>							
19000 Valley View Pkwy.				\$8,136,000	\$8,136,000	\$8,136,000	0.00%
1830 NW Chipman Road	\$7,362,219	\$7,619,897	\$7,619,897	\$8,100,000	\$8,100,000	\$8,100,000	10.02%
<b>Home Depot</b>							
905 NE Coronado		\$6,160,000	\$6,160,000	\$6,294,286	\$6,294,286	\$6,294,286	2.18%
4210 S. Lee's Summit Rd.		\$4,921,000	\$4,921,000	\$5,435,768	\$5,435,768	\$5,435,768	10.46%
<b>Bolger Square West</b>							
3810-3850 S. Crackerneck		\$9,934,001	\$9,934,001	\$10,482,338	\$9,543,815	\$9,543,815	-3.93%
<b>SummitWoods Crossing</b>							
Lot 11 - Junior Anchors	\$18,225,000	\$18,862,875	\$18,862,875	\$23,380,000	\$23,380,000	\$18,870,000	3.54%
Lot 12 - Small Shops		\$5,285,216	\$5,285,216	\$7,804,800	\$7,804,800	\$7,804,800	47.67%

Source: Jackson County Assessor and Canyon Research Southwest, Inc.

As outlined in the table on page 36, from December 15, 2008 through December 14, 2031 those businesses open and operating, under construction or committed to open during 2010 within the Adams Farm RPA Phase 2 are forecast to generate total gross PILOTS of \$8.65 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 \$8.47 million. Of this total, an estimated \$7.96 million will be available for deposit in the Special Allocation Fund prior to maturity of the TIF Plan on December 14, 2031.

**Adams Farm Redevelopment Project Area Phase 2  
Forecast PILOTS for Components Open, Under Construction or Committed**

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	\$80,110	\$1,279,606	\$0.062605	\$80,110	\$0	\$0	\$0	\$0	\$0
2009	\$80,110	\$1,586,688	\$0.062984	\$99,936	\$19,826	\$317	\$99	\$19,410	\$0
2010	\$80,110	\$1,937,482	\$0.062984	\$122,030	\$41,920	\$671	\$210	\$41,040	\$19,410
2011	\$80,110	\$6,397,786	\$0.062984	\$402,958	\$322,848	\$5,166	\$1,614	\$316,068	\$41,040
2012	\$80,110	\$6,397,786	\$0.062984	\$402,958	\$322,848	\$5,166	\$1,614	\$316,068	\$316,068
2013	\$80,110	\$6,653,697	\$0.062984	\$419,076	\$338,966	\$5,423	\$1,695	\$331,848	\$316,068
2014	\$80,110	\$6,653,697	\$0.062984	\$419,076	\$338,966	\$5,423	\$1,695	\$331,848	\$331,848
2015	\$80,110	\$6,919,845	\$0.062984	\$435,840	\$355,730	\$5,692	\$1,779	\$348,259	\$331,848
2016	\$80,110	\$6,919,845	\$0.062984	\$435,840	\$355,730	\$5,692	\$1,779	\$348,259	\$348,259
2017	\$80,110	\$7,196,639	\$0.062984	\$453,273	\$373,163	\$5,971	\$1,866	\$365,327	\$348,259
2018	\$80,110	\$7,196,639	\$0.062984	\$453,273	\$373,163	\$5,971	\$1,866	\$365,327	\$365,327
2019	\$80,110	\$7,484,505	\$0.062984	\$471,404	\$391,294	\$6,261	\$1,956	\$383,077	\$365,327
2020	\$80,110	\$7,484,505	\$0.062984	\$471,404	\$391,294	\$6,261	\$1,956	\$383,077	\$383,077
2021	\$80,110	\$7,783,885	\$0.062984	\$490,260	\$410,150	\$6,562	\$2,051	\$401,537	\$383,077
2022	\$80,110	\$7,783,885	\$0.062984	\$490,260	\$410,150	\$6,562	\$2,051	\$401,537	\$401,537
2023	\$80,110	\$8,095,240	\$0.062984	\$509,871	\$429,761	\$6,876	\$2,149	\$420,736	\$401,537
2024	\$80,110	\$8,095,240	\$0.062984	\$509,871	\$429,761	\$6,876	\$2,149	\$420,736	\$420,736
2025	\$80,110	\$8,419,050	\$0.062984	\$530,265	\$450,155	\$7,202	\$2,251	\$440,702	\$420,736
2026	\$80,110	\$8,419,050	\$0.062984	\$530,265	\$450,155	\$7,202	\$2,251	\$440,702	\$440,702
2027	\$80,110	\$8,755,812	\$0.062984	\$551,476	\$471,366	\$7,542	\$2,357	\$461,467	\$440,702
2028	\$80,110	\$8,755,812	\$0.062984	\$551,476	\$471,366	\$7,542	\$2,357	\$461,467	\$461,467
2029	\$80,110	\$9,106,044	\$0.062984	\$573,535	\$493,425	\$7,895	\$2,467	\$483,063	\$461,467
2030	\$80,110	\$9,106,044	\$0.062984	\$573,535	\$493,425	\$7,895	\$2,467	\$483,063	\$483,063
2031	\$80,110	\$9,470,286	\$0.062984	\$596,477	\$516,367	\$8,262	\$2,582	\$505,523	\$483,063
<b>PILOTS</b>					<b>\$8,651,830</b>	<b>\$138,429</b>	<b>\$43,259</b>	<b>\$8,470,142</b>	<b>\$7,964,619</b>

Source: Canyon Research Southwest, Inc.; March 2010.



## **Economic Activity Taxes (“EATS”)**

EATS will be realized from increased retail sales generated within the Adams Farm Redevelopment Project Area (“RPA”) Phase 2. 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 TIF-eligible sales tax rate is 2.25 percent. Upon expiration of the COMBAT sales tax on March 31, 2018 the TIF-eligible sales tax rate will decline to 2.0 percent.

Taxable retail sales volumes for committed stores within the Adams Farm RPA Phase 2 were estimated based on several sources, including: 1) *Dollars & Cents of Shopping Centers 2008* published by the Urban Land Institute, International Council of Shopping Center and *Nation’s Restaurant News*; 2) data published by the International Council of Shopping Centers; 3) financial data published by publicly-held retailers; and 4) historical sales reported by the City of Blue Springs. Trade area population demographics (i.e., total population, income and age distribution), the level of direct competition and reported sales of “sister” stores operating in the Kansas City MSA were also considered when forecasting retail sales for individual stores within the Adams Farm RPA Phase 2.

As discussed in the *Retail Marketability Analysis* section of this report, the 5-mile radius primary trade area for the Adams Farm RPA supports an estimated population of 73,750 residents and a median household income of \$65,119. Given Blue Springs’ location at the edge of the Kansas City MSA as well as the growing inventory of national retailers, businesses within the Adams Farms RPA Phase 2 will also draw from a secondary and tertiary trade area that extends 20+ miles to the east along Interstate 70. The expanded retail trade area should have a positive benefit on achievable retail sales volumes. The high vehicular traffic counts on Interstate 70 should also have a positive impact on sales for restaurants operating in the Adams Farms RPA Phase 2.

## **Businesses Open and Operating**

As of the date of this report six businesses were open and operating within the Adams Farm RPA Phase 2, including Maurice’s, Sally Beauty, Gap Outlet, Gamestop, Mattress Firm and Chipotle. Taxable sales have been forecast for each of these businesses.

On November 5, 2009 a 5,010 square foot Maurice’s store opened within Adams Farm RPA Phase 2. Maurice’s was founded in 1931 by E. Maurice Labovitz and is now owned by Dress Barn, Inc. The chain has grown to 741 stores in 44 states. Four Maurice’s store operate on the Missouri side of the Kansas City MSA, the closest located in Lee’s Summit over 17 miles from the Adams Farm RPA. Maurice’s offer moderately-priced, casual apparel and accessories catering to young women aged 17 to 34 years old. The average store size is approximately 4,725 square feet. Comparable store sales grew by 6.9 percent in fiscal year 2007 and 4.3 percent in fiscal year 2008. Fiscal year 2009 comparable store sales were down 1.3 percent. The two regions with comparable store sales increases were the Mid-Atlantic and Midwest. During fiscal year 2009 gross sales for the Maurice’s segment increased by 5.6 percent to \$588 million, averaging approximately \$795,000 per store and \$168 per square foot. The Adams Farm RPA store is larger than the company-wide average and the limited direct competition and freeway location is forecast to produce above average sales. Findings of the *RMP Opportunity Gap* –

*Retail Stores Report* published by Claritas, Inc. indicate that within a 5-mile radius of the Adams Farm RPA additional clothing and accessories sales of \$53.7 million annually are supportable. Over the past four years the 5,506 square foot Maurice's store in Lee's Summit reported annual sales ranging \$1.28 million to \$2.05 million. The Lee's Summit store was originally 3,554 square feet, but in May 2008 expanded to 5,506 square feet, similar in size to the Adams Farm RPA store. The expanded store sales reported sales of \$1.79 million in 2008 and \$2.05 million in 2009. In its first full calendar year following store expansion, in 2009 the Lee's Summit store averaged \$372 per square foot in sales. The Lee's Summit store benefits from stronger primary trade area demographics with population and income levels approximately 13 percent higher than the Adams Farm RPA primary trade area. Blue Springs benefits from an expanded secondary and tertiary trade area. Therefore, first year sales for the Adams Farm store are estimated at \$325 per square foot, stabilizing in the second year at \$350 per square foot. These per square foot sales translate to gross sales of \$254,000 from November 5, 2009 through December 31, 2009; \$1.6 million for 2010, \$1.75 million in 2011 and \$1.79 million in 2012.

On November 19, 2009 a 1,623 square foot Sally Beauty Supply store opened within Adams Farm RPA Phase 2. Sally Beauty Supply was founded in 1964. As of September 30, 2009, Sally Beauty Supply operated 2,923 retail stores, of which 2,521 are located in the United States. The closest store to the Adams Farm RPA Phase 2 is located within the Independence Center retail node over six miles to the west. Stores average between 1,200 and 1,700 square feet with the Adams Farm store at the upper end of the range. Sally Beauty Supply stores carry more than 5,000 branded and exclusive-label products, including hair care products, nail care, small electrical appliances and other beauty items. Fiscal year ended September 30, 2009 gross sales for the Sally Beauty Supply segment totaled nearly \$1.7 billion, averaging approximately \$580,000 per store. Approximately 70 percent of sales are to retail customers and 30 percent to professional stylists. This report assumes retail customers account for 75 percent of gross store sales. Same store sales increased by 2.7 percent in fiscal year 2007; 1.2 percent in fiscal year 2008 and 2.1 percent in fiscal year 2009. First year taxable sales for the Adams Farm store are estimated at \$240 per square foot, or \$46,000 from November 19, 2009 through December 31, 2009 and \$389,520 in 2010. By 2011, taxable sales are forecast to stabilize at \$250 per square foot, or \$405,750.

On November 20, 2009 a 7,500 square foot Gap Outlet store opened within Adams Farm RPA Phase 2. The closest Gap store is located in Independence Center over six miles to the west while the closest Gap Outlet is located in Odessa, Missouri approximately 16 miles to the east. Founded in 1969, Gap stores offer an extensive selection of classically styled, casual apparel at moderate price points. The company entered the children's apparel market with the introduction of GapKids in 1986 and babyGap in 1989. These stores offer casual apparel and accessories in the tradition of Gap style and quality for children, ages newborn through pre-teen. Gap, Inc. launched GapBody in 1998 offering women's underwear, sleepwear, loungewear, and sports and active apparel. The company also operates Gap Outlet stores which carry similar categories of products. Given the recent economic shifts, the company's already strong U.S.-based Outlet business became even more successful in 2008 and 2009, prompting further expansion in both North America and abroad. Gross sales for Gap North America were reported at \$3.84 billion in fiscal year 2008, averaging approximately \$3.2 million per store and \$325 per square foot. As of October 31, 2009, Gap North America operated 1,173 stores. The average store size is approximately 9,900 square feet. Sales through the third quarter 2009 were reported at \$2.48 billion. Kansas City area Gap stores at Legends at Village West (12,730 square foot store) and Zona Rosa (14,760 square foot store) have reported annual sales over the past four years in the

***Canyon Research Southwest, Inc.***

range of \$250 to \$513 per square foot. The Legends store suffers from a peripheral location in the Kansas City MSA and benefits from its location within a 900,000 square foot lifestyle center and high customer traffic. The Zona Rosa store possesses similar trade area demographics to the Adams Farm RPA store. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that within a 5-mile radius of the Adams Farm Redevelopment Project Area additional clothing and accessories sales of \$53.7 million annually are supportable. Gap, Inc. forecasts the Adams Farm RPA store to garner stabilized sales of \$5.0 million per year. Given the smaller than average store size, limited direct competition and orientation as an outlet store, first year taxable sales for the Adams Farm store are estimated at \$500 per square foot, or \$345,000 from November 20, 2009 through December 31, 2009 and \$3.0 million in 2010. Stabilized store sales are forecast more conservatively than the Gap, Inc. projections at \$500 per square foot in 2011, or \$3.75 million.

On November 23, 2009 a 2,160 square foot Gamestop store opened within Adams Farm RPA Phase 2. The Adams Farm RPA store is the only Gamestop store operating in Blue Springs with the closest existing store located approximately six miles to the west in Independence Center mall. GameStop is the world's largest video game retailer with 6,207 stores, including 4,331 in the United States. Gamestop stores average approximately 1,500 square feet and carry a balanced mix of new and used video game products and PC entertainment software. The business is seasonal with the major portion of company sales realized during the fourth fiscal quarter which includes the holiday selling season. During fiscal 2008, Gamestop generated approximately 40% of its sales during the fourth quarter. Sales for the United States stores were reported at \$6.47 billion for fiscal year 2008, averaging approximately \$1.5 million per store. Same store sales increased by 18.9 percent in fiscal year 2009. Over the past three years the Gamestop store operating in the Zona Rosa lifestyle center in northern Kansas City has reported sales exceeding \$515 per square foot. Trade area demographics for Zona Rosa are similar to the Adams Farm RPA; and, therefore is an excellent comparable. Therefore, initial year sales for the Adams Farm RPA Gamestop store are estimated at \$525 per square foot, or \$125,000 from November 23, 2009 through December 31, 2009 and \$1.1 million in 2010. By 2011 store sales are forecast to stabilize at \$600 per square foot, or \$1.3 million.

On November 27, 2009 a 3,745 square foot Mattress Firm store opened within Adams Farm RPA Phase 2. Founded in 1986, Mattress Firm is one of the nation's leading specialty mattress retailers operating stores in 23 states. The closest Mattress Firm store is located at 19130 E. 39<sup>th</sup> Street in Independence approximately 6.5 miles to the west. According to Dollars & Cents of Shopping Centers 2008, average sales for national mattress and bedding stores were reported at approximately \$175 per square foot. First year taxable sales for the Adams Farm RPA store are estimated at \$165 per square foot, or \$60,000 from November 23, 2009 through December 31, 2009 and \$617,925 in 2010. By 2011 store sales are forecast to stabilize at \$175 per square foot, or \$655,375 in 2011.

On December 4, 2009 a 2,500 square foot Chipotle Mexican Grill restaurant opened within Adams Farm RPA Phase 2. Founded in 1993, Chipotle Mexican Grill is a chain of restaurants best known for its large burritos, assembly line food production and use of natural ingredients. By year-end 2009, the company operated 956 restaurants in 33 states, the District of Columbia and Ontario, Canada. Until 2006, the McDonald's Corporation owned a majority interest in Chipotle Mexican Grill. The closest Chipotle restaurant is located at 18880 E. Valley View Drive in Independence. During the twelve months ended December 31, 2009, revenue for Chipotle Mexican Grill rose 14 percent to \$1.518 billion and comparable store sales increased by

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2.0 percent. Average store sales amounted to \$1.728 million. For 2010, the company expects to open 121 new restaurants with comparable restaurant sales remaining flat. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that within a 5-mile radius of the Adams Farm RPA additional food and beverage sales of \$10.3 million annually are supportable. Chipotle restaurants operating in Lee's Summit and Kansas City, Kansas reported annual sales over the past four years ranging from \$770 to \$1,000 per square foot. The Chipotle at Adams Farm RPA faces limited competition, and along with its Interstate 70 location, has the potential to realize strong sales. Based on actual comparable store sales, first-year sales for the Adams Farm RPA restaurant are estimated at \$850 per square foot, equating to approximately \$163,000 from December 4, 2009 through December 31, 2009 and \$2.1 million in 2010.

### **Businesses Under Construction**

As of the date of this report four businesses were under construction on stores within the Adams Farm RPA Phase 2, including Petco, Olive Garden, Famous Footwear and Gordmans. Taxable sales have been forecast for each of these businesses.

A 13,500 square foot Petco store is now under construction within the Adams Farm RPA Phase 2 and scheduled to open by March 1, 2010. Founded in 1965, Petco is a leading pet specialty retailer providing products, services and advice. As of 2009 the privately-held company operated over 1,000 stores in 50 states. The closest Petco store is located at 4802 S. Noland Road in Independence approximately ten miles to the east. The Independence store location is inferior to the pending Adams Farm RPA location and its distance should preclude any direct competition or cannibalization of sales. The primary competitor to the pending Adams Farm RPA Petco store is the PetsMart store located at 4010 South Bolger Drive in Independence approximately seven miles west. Over the past four years the 15,000 square foot Petco store in Lee's Summit reported annual sales ranging from \$4.4 million to \$5.0 million, or \$295 to \$335 per square foot. A PetsMart store does not operate in Lee's Summit. The Adams Farm RPA Petco store should benefit from the large family population within the primary trade area as well as the rural character of the secondary and tertiary trade areas. First-year sales for the Adams Farm RPA store are estimated at \$275 per square foot, stabilizing at \$290 per square foot in the second year. Taxable sales are estimated at approximately \$3.1 million from March 1, 2010 through December 31, 2010 and \$3.9 million in 2011.

A 7,441 square foot freestanding Olive Garden restaurant is now under construction within the Adams Farm RPA Phase 2 and scheduled to open by March 15, 2010. Olive Garden is a division of Darden Restaurants which also operates such other major restaurant brands as Red Lobster, Longhorn Steakhouse, The Capital Grille and Bahama Breeze. Olive Garden provides a genuine Italian dining experience. In fiscal year 2009, 38 net Olive Garden restaurants were added for a total of 691 restaurants in North America. For fiscal year 2009 Olive Garden generated total sales of \$3.29 billion, up 7.2 percent over fiscal year 2008. On a 52-week basis, annual same-store sales for Olive Garden increased by 0.3 percent due to a 2.6 percent increase in average guest check, partially offset by a 2.3 percent decrease in same-restaurant guest counts. Annual sales per restaurant averaged \$4.8 million per restaurant in fiscal year 2009, down from \$4.9 million in fiscal year 2008. For fiscal year 2010 Darden Restaurants forecasts same-restaurant sales to remain flat or decrease by up to 2.0 percent. According to Darden Restaurants, annual sales for Olive Garden restaurants in the Midwest average \$5.3 million. The closest existing Olive Garden restaurant is located over ten miles to the west at 13910 E. 40 Highway in

Independence. This location is the highest volume Olive Garden in the Kansas City MSA with reported annual sales of \$5.7 million. Chain sit-down restaurant chains operating stores in Blue Springs are limited to Applebee's, Bob Evans, Culver's, Denny's, 54<sup>th</sup> Street Bar & Grill, Golden Corral and Winstead's. The closest cluster of national chain sit-down restaurants is located approximately six miles to the west at the intersection of Interstate 70 and Little Blue Parkway in Independence. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that within a 5-mile radius of the Adams Farm RPA additional food and beverage sales of \$10.3 million annually are supportable. The Adams Farm RPA Olive Garden will benefit from its Interstate 70 interchange location and the high traffic volumes on Interstate 70. Therefore, the Olive Garden at Adams Farm RPA Phase 2 will face limited competition, and along with its Interstate 70 location, have the potential to realize strong sales. First-year sales for the Adams Farm RPA Phase 2 restaurant are estimated at \$625 per square foot, equating to approximately \$3.7 million from March 15, 2010 through December 31, 2010. Sales are forecast to stabilize in 2011 at \$675 per square foot, or \$5.0 million.

A 5,942 square foot Famous Footwear store is now under construction within the Adams Farm RPA Phase 2 and scheduled to open by March 15, 2010. Famous Footwear is part of the Brown Shoe Company and with 1,138 stores at the end of 2008 and net sales of \$1.32 billion in 2008, is America's largest footwear chain. Famous Footwear stores offer a wide selection of brand-name, value-priced footwear. The closest existing Famous Footwear store is located approximately six miles to the west at 18675 E. 39<sup>th</sup> Street in Independence. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that within a 5-mile radius of the Adams Farm RPA additional shoe store sales of \$5.0 million annually are supportable. First-year sales for the Adams Farm RPA store are estimated at \$185 per square foot, stabilizing at \$195 per square foot in 2012. Taxable sales are estimated at \$880,000 from March 15, 2010 through December 31, 2010; \$1.1 million in 2011 and \$1.16 million in 2012.

A 47,500 square foot Gordmans store is now under construction within the Adams Farm RPA Phase 2 and scheduled to open by May 4, 2010. The company was founded in 1915 as Richman Gordman Stores, Inc. and changed its name to Richman Gordman ½ Price Stores, Inc. in 1993. The company re-branded itself later that decade to Gordmans, Inc. The first store opened in 1999 and today Gordmans operates 66 stores in 16 states. Gross sales were reported in excess of \$400 million in 2007. The company is privately held. Gordmans is a department store offering apparel, accessories, gifts, designer fragrances, jewelry, footwear, furniture and home furnishings. The closest existing Gordmans store is located over eight miles to the west at 13500 E. 40 Highway in Independence. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that within a 5-mile radius of the Adams Farm RPA additional annual clothing and accessories sales of \$53.7 million and home furnishings of \$6.0 million are supportable. First-year sales for the Adams Farm RPA store are estimated at \$225 per square foot, stabilizing at \$240 per square foot in 2011. Taxable sales are estimated at \$7.1 million from April 10, 2010 through December 31, 2010; \$11.4 million in 2011; and \$11.6 million in 2012.

## **Committed Businesses**

As of the date of this report six businesses had executed leases and are scheduled to open during 2010 within the Adams Farm RPA Phase 2, including Arby's, Books-a-Million, M&I Bank, Michaels, Staples and Kohl's. Taxable sales have been forecast for each of these businesses.

A 3,000 square foot freestanding Arby's restaurant is scheduled to open by May 2010 within the Adams Farm RPA Phase 2. An Arby's restaurant currently operates in Blue Springs. Other competitive fast food restaurants operating in Blue Springs include Backyard Burger, Dairy Queen, Fazoli's, KFC, Long John Silvers, McDonalds, Pizza Hut, Sonic, Taco Bell and Wendy's. During fiscal year 2008, the 1,176 company-owned Arby's generated average sales per restaurant of \$966,900, down from \$1,016,000 in fiscal year 2007. The Arby's at Adams Farm RPA Phase 2 will benefit from limited direct competition and its proximity to Interstate 70 and such high traffic retailers as Walmart, Target, Home Depot and Kohl's. First-year sales for the Adams Farm RPA restaurant are estimated at \$325 per square foot, increasing to \$350 per square foot in the second year. Taxable sales are estimated at approximately \$655,000 from April 10, 2010 through December 31, 2010; \$1.05 million in 2011 and \$1.07 million in 2012.

A 12,500 square foot Books-a-Million store is scheduled to open by May 2010 within the Adams Farm RPA Phase 2. Books-A-Million is one of the nation's leading book retailers operating 220 stores in 21 states and the District of Columbia. Of the 220 stores, 200 are superstores that operate under the names Books-A-Million and Books & Co. and 20 are traditional bookstores operating under the names Books-A-Million and Bookland. Net sales for the retail trade segment decreased \$20.4 million, or 3.9%, to \$508.3 million in the 52-week period ended January 31, 2009, from \$528.6 million in the 52-week period ended February 2, 2008. Sales per store averaged approximately \$2.3 million for fiscal year 2008. No major book stores currently operate in Blue Springs. The 30,000 square foot Barnes & Noble store located over six miles to the west at 19000 E. 39<sup>th</sup> Street in Independence will be the primary competitor to the Books-a-Million store within the Adams Farm RPA Phase 2. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that within a 5-mile radius of the Adams Farm RPA additional annual books and music store sales of \$4.7 million are supportable. First-year sales for the Adams Farm RPA store are estimated at \$150 per square foot, stabilizing at \$165 per square foot in the second year. Taxable sales are estimated at \$1.3 million from May 1, 2010 through December 31, 2010; \$2.06 million in 2011 and \$2.1 million in 2012.

A 4,240 square foot freestanding M&I Bank branch is scheduled to open by June 2010 within the Adams Farm RPA Phase 2. M&I Bank will not generate taxable retail sales captured under provision of the TIF Plan.

A 21,390 square foot Michaels store is scheduled to open by July 2010 within the Adams Farm RPA Phase 2. Michaels stores can be found in 49 states and Canada and offer a large selection of arts, crafts, framing, floral, wall décor, and seasonal merchandise. The stores carry approximately 37,000 basic items and average 18,300 square feet of selling space. As of March 30, 2009, a total 1,015 Michaels stores were in operation. Michaels operates four stores on the Missouri side of the Kansas City MSA with the closest store to the Adams Farm RPA Phase 2 located at 1616 NW Chipman Road in Lee's Summit. The primary competitor will be the Hobby Lobby store at MO 7 Highway and R.D. Mize Road in Blue Springs. During fiscal year 2008, the 1,170 Michaels and Aaron Brothers stores reported total gross sales of \$3.82 billion,

averaging approximately \$206 per square foot. First-year sales for the Adams Farm RPA store are estimated at \$185 per square foot, stabilizing at \$210 per square foot in the third year. Taxable sales are estimated at approximately \$2.0 million from July 1, 2010 through December 31, 2010; \$4.3 million in 2011 and \$4.5 million in 2012.

An 18,303 square foot Staples store is scheduled to open by September 2010 within the Adams Farm RPA Phase 2. Staples is the world's leading office products company offering a wide range of office supplies, technology, furniture and businesses services. Fiscal year ended January 31, 2009 gross sales were reported at \$23.1 billion. The store count for fiscal year 2009 was 2,218, of which 1,835 stores were located in North America. The North American retail segment reported sales of nearly \$9.5 billion, yielding average store sales exceeding \$5.2 million. To increase the productivity of new stores the company recently reduced the size of the prototypical "Dover" superstore to 18,000 square feet from 20,000 square feet. No Staples store currently operates in Jackson County, Missouri. The primary competitor will be the Office Depot store at MO 7 Highway and R.D. Mize Road in Blue Springs. First-year sales for the Adams Farm RPA store are estimated at \$225 per square foot, stabilizing at \$235 per square foot in 2012. Taxable sales are estimated at approximately \$1.4 million from September 1, 2010 through December 31, 2010; \$4.1 million in 2011 and \$4.3 million in 2012.

A 63,764 square foot Kohl's store is scheduled to open by October 2010 within the Adams Farm Redevelopment Project Area Phase 2. The closest "sister" stores include an 80,684 square foot Kohl's at 19130 E. 39<sup>th</sup> Street in Independence and an 86,584 square foot Kohl's at 1820 NW Chipman Road in Lee's Summit. Kohl's Corporation was organized in 1988 and operates family-oriented department stores that sell moderately-priced apparel, footwear and accessories for women, men and children; soft home products such as sheets and pillows; and housewares. As of the third quarter 2009, Kohl's operated 1,059 stores in 48 states. The "prototype," store has 88,000 gross square feet of retail space and serves trade areas of 150,000-200,000 people. Most small stores are 68,000 square feet and serve trade areas of 100,000 to 150,000 people. During fiscal year 2008 Kohl's reported gross sales of \$16.4 billion, averaging approximately \$16.7 million per store and \$222 per square foot of selling floor area. Through the third quarter 2009 gross sales were reported at \$11.5 billion, up 3.1 percent over the same 9-month period in 2008. Findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. indicate that within a 5-mile radius of the Adams Farm RPA additional annual clothing and accessories sales of \$53.7 million and home furnishings of \$6.0 million are supportable. Over the past four years annual sales for the Kohl's store in Lee's Summit, Missouri has reported annual sales of \$20.9 million to \$24.0 million, averaging approximately \$241 to \$276 per square foot. Given the smaller store size, first-year sales for the Adams Farm RPA store are estimated at \$235 per square foot, stabilizing at \$250 per square foot in 2012. Taxable sales are estimated at \$3.8 million from October 1, 2010 through December 31, 2010; \$15.0 million in 2011 and \$15.9 million in 2012.

As summarized in the table on page 44, taxable sales for the Adams Farm RPA Phase 2 were estimated at \$993,000 from November 5, 2009 through December 31, 2009. Taxable sales are forecast at \$32.8 million in 2010; \$58.0 million in 2011 and \$60.0 million for 2012. Stabilized sales for most stores operating within the Adams Farm RPA Phase 2 are expected by 2011 and 2012, at which time the national retail industry is anticipated to be on better footing than today. Following stabilization retail sales are forecast to increase at a conservative average annual rate of 1.5 percent through maturity of the TIF Plan.

**Forecast Annual Retail Sales through Stabilization  
Adams Farm Redevelopment Project Area Phase 2**

<b>Business Name</b>	<b>Size Sq. Ft.</b>	<b>Sales Per Sq. Ft.</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Open for Business</b>						
Maurice's	5,010	\$325	\$254,275	\$1,628,250	\$1,753,500	\$1,788,570
Sally Beauty	1,623	\$240	\$45,889	\$389,520	\$405,750	\$413,865
Gap Outlet	7,500	\$400	\$345,205	\$3,000,000	\$3,750,000	\$3,825,000
Gamestop	2,160	\$525	\$125,000	\$1,134,000	\$1,296,000	\$1,321,920
Mattress Firm	3,745	\$165	\$60,000	\$617,925	\$655,375	\$668,483
Chipotle Mexican Grille	2,500	\$850	\$163,014	\$2,125,000	\$2,167,500	\$2,210,850
<b>Under Construction</b>						
Petco	13,500	\$275		\$3,112,397	\$3,915,000	\$3,993,300
Olive Garden	7,441	\$625		\$3,720,500	\$5,022,675	\$5,123,129
Famous Footwear	5,942	\$185		\$879,416	\$1,099,270	\$1,158,690
Gordmans	47,500	\$225		\$7,085,959	\$11,400,000	\$11,628,000
<b>Committed</b>						
Arby's	3,000	\$325		\$654,452	\$1,050,000	\$1,071,000
Books-a-Million	12,500	\$150		\$1,258,562	\$2,062,500	\$2,103,750
M&I Bank	4,240	\$0				
Michaels	21,390	\$185		\$1,994,837	\$4,278,000	\$4,491,900
Staples	18,303	\$225		\$1,376,486	\$4,118,175	\$4,301,205
Kohl's	63,764	\$235		\$3,776,925	\$14,984,540	\$15,941,000
<b>Total Sq. Ft.</b>	<b>220,118</b>		<b>\$993,382</b>	<b>\$32,754,229</b>	<b>\$57,958,285</b>	<b>\$60,040,661</b>

Source: Canyon Research Southwest, Inc.

As depicted by the table on page 45, through maturity of the TIF Plan on December 14, 2031, businesses open and operating, under construction and committed to open during 2010 within the Adams Farm RPA Phase 2 are forecast to generate total EATS of approximately \$15.4 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 \$14.8 million.

There is generally a 2-month lag from the time the State of Missouri collects retail sales taxes and they are distributed to individual taxing districts (i.e., counties and cities). The taxing districts typically receive the sales tax receipts during the second half of each month. Accounting for the lag in sales tax receipts an estimated \$14.6 million will be available for deposit prior to maturity of the TIF Plan on December 14, 2031.



**Adams Farm Redevelopment Project Area Phase 2  
Forecast Incremental EATS on Retail Sales**

Year	Base Year Sales	Forecast Incremental Retail Sales	County General 0.50%	County Drug Enf. 0.25%	City General Fund 1.00%	City Trans. 0.50%	Incremental Sales Tax Revenue	EATS 50%	Timely Deposit Refund 2.0%	State & City Collection Fees 1.5%	Net EATS	Available for Deposit into SAF
2008	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$0	\$993,382	\$4,967	\$2,483	\$9,934	\$4,967	\$22,351	\$11,176	\$224	\$168	\$10,784	\$0
2010	\$0	\$32,754,229	\$163,771	\$81,886	\$327,542	\$163,771	\$736,970	\$368,485	\$7,370	\$5,527	\$355,588	\$306,946
2011	\$0	\$57,958,285	\$289,791	\$144,896	\$579,583	\$289,791	\$1,304,061	\$652,031	\$13,041	\$9,780	\$629,210	\$583,481
2012	\$0	\$60,003,226	\$300,016	\$150,008	\$600,032	\$300,016	\$1,350,073	\$675,036	\$13,501	\$10,126	\$651,410	\$647,700
2013	\$0	\$60,903,274	\$304,516	\$152,258	\$609,033	\$304,516	\$1,370,324	\$685,162	\$13,703	\$10,277	\$661,181	\$659,548
2014	\$0	\$61,816,824	\$309,084	\$154,542	\$618,168	\$309,084	\$1,390,879	\$695,439	\$13,909	\$10,432	\$671,099	\$669,441
2015	\$0	\$62,744,076	\$313,720	\$156,860	\$627,441	\$313,720	\$1,411,742	\$705,871	\$14,117	\$10,588	\$681,165	\$679,483
2016	\$0	\$63,685,237	\$318,426	\$159,213	\$636,852	\$318,426	\$1,432,918	\$716,459	\$14,329	\$10,747	\$691,383	\$689,675
2017	\$0	\$64,640,516	\$323,203	\$161,601	\$646,405	\$323,203	\$1,454,412	\$727,206	\$14,544	\$10,908	\$701,754	\$700,020
2018	\$0	\$65,610,123	\$328,051	\$40,445	\$656,101	\$328,051	\$1,352,647	\$676,324	\$13,526	\$10,145	\$652,652	\$660,858
2019	\$0	\$66,594,275	\$332,971	\$0	\$665,943	\$332,971	\$1,331,886	\$665,943	\$13,319	\$9,989	\$642,635	\$644,309
2020	\$0	\$67,593,189	\$337,966	\$0	\$675,932	\$337,966	\$1,351,864	\$675,932	\$13,519	\$10,139	\$652,274	\$650,663
2021	\$0	\$68,607,087	\$343,035	\$0	\$686,071	\$343,035	\$1,372,142	\$686,071	\$13,721	\$10,291	\$662,058	\$660,423
2022	\$0	\$69,636,193	\$348,181	\$0	\$696,362	\$348,181	\$1,392,724	\$696,362	\$13,927	\$10,445	\$671,989	\$670,330
2023	\$0	\$70,680,736	\$353,404	\$0	\$706,807	\$353,404	\$1,413,615	\$706,807	\$14,136	\$10,602	\$682,069	\$680,385
2024	\$0	\$71,740,947	\$358,705	\$0	\$717,409	\$358,705	\$1,434,819	\$717,409	\$14,348	\$10,761	\$692,300	\$690,590
2025	\$0	\$72,817,062	\$364,085	\$0	\$728,171	\$364,085	\$1,456,341	\$728,171	\$14,563	\$10,923	\$702,685	\$700,949
2026	\$0	\$73,909,317	\$369,547	\$0	\$739,093	\$369,547	\$1,478,186	\$739,093	\$14,782	\$11,086	\$713,225	\$711,463
2027	\$0	\$75,017,957	\$375,090	\$0	\$750,180	\$375,090	\$1,500,359	\$750,180	\$15,004	\$11,253	\$723,923	\$722,135
2028	\$0	\$76,143,227	\$380,716	\$0	\$761,432	\$380,716	\$1,522,865	\$761,432	\$15,229	\$11,421	\$734,782	\$732,967
2029	\$0	\$77,285,375	\$386,427	\$0	\$772,854	\$386,427	\$1,545,708	\$772,854	\$15,457	\$11,593	\$745,804	\$743,962
2030	\$0	\$78,444,656	\$392,223	\$0	\$784,447	\$392,223	\$1,568,893	\$784,447	\$15,689	\$11,767	\$756,991	\$755,121
2031	\$0	\$75,912,935	\$379,565	\$0	\$759,129	\$379,565	\$1,518,259	\$759,129	\$15,183	\$11,387	\$732,560	\$680,140
<b>Total EATS</b>								<b>\$15,357,017</b>	<b>\$307,140</b>	<b>\$230,355</b>	<b>\$14,819,522</b>	<b>\$14,640,592</b>

Source: Canyon Research Southwest, Inc.; March 2010.

## Total TIF Revenues

The table below summarizes the incremental TIF revenue forecasts generated within the Adams Farm Redevelopment Project Area Phase 2. 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 businesses open and operating, under construction or committed to open for business during 2010 are forecast to generate total TIF revenues of approximately \$23.3 million, net of collection fees. Sources of TIF funds include \$8.7 million in PILOTS and \$14.8 million in EATS. Accounting for the lag in real property tax and sales tax receipts, an estimated \$22.6 million in TIF revenues are forecast to be collected prior to maturity of the Adams Farm TIF Plan.

### Summary of Tax Increment Financing Revenues Adams Farm Redevelopment Project Area Phase 2

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	\$19,410	\$10,784	\$30,194	\$0	\$0	\$0
2010	\$41,040	\$355,588	\$396,628	\$19,410	\$306,946	\$326,355
2011	\$316,068	\$629,210	\$945,278	\$41,040	\$583,481	\$624,521
2012	\$316,068	\$651,410	\$967,478	\$316,068	\$647,700	\$963,768
2013	\$331,848	\$661,181	\$993,029	\$316,068	\$659,548	\$975,617
2014	\$331,848	\$671,099	\$1,002,947	\$331,848	\$669,441	\$1,001,290
2015	\$348,259	\$681,165	\$1,029,425	\$331,848	\$679,483	\$1,011,331
2016	\$348,259	\$691,383	\$1,039,642	\$348,259	\$689,675	\$1,037,934
2017	\$365,327	\$701,754	\$1,067,080	\$348,259	\$700,020	\$1,048,280
2018	\$365,327	\$652,652	\$1,017,979	\$365,327	\$660,858	\$1,026,185
2019	\$383,077	\$642,635	\$1,025,712	\$365,327	\$644,309	\$1,009,636
2020	\$383,077	\$652,274	\$1,035,351	\$383,077	\$650,663	\$1,033,740
2021	\$401,537	\$662,058	\$1,063,595	\$383,077	\$660,423	\$1,043,500
2022	\$401,537	\$671,989	\$1,073,526	\$401,537	\$670,330	\$1,071,867
2023	\$420,736	\$682,069	\$1,102,805	\$401,537	\$680,385	\$1,081,922
2024	\$420,736	\$692,300	\$1,113,036	\$420,736	\$690,590	\$1,111,326
2025	\$440,702	\$702,685	\$1,143,387	\$420,736	\$700,949	\$1,121,685
2026	\$440,702	\$713,225	\$1,153,927	\$440,702	\$711,463	\$1,152,166
2027	\$461,467	\$723,923	\$1,185,391	\$440,702	\$722,135	\$1,162,838
2028	\$461,467	\$734,782	\$1,196,250	\$461,467	\$732,967	\$1,194,435
2029	\$483,063	\$745,804	\$1,228,867	\$461,467	\$743,962	\$1,205,429
2030	\$483,063	\$756,991	\$1,240,054	\$483,063	\$755,121	\$1,238,184
2031	\$505,523	\$732,560	\$1,238,083	\$483,063	\$680,140	\$1,163,204
<b>Totals</b>	<b>\$8,470,142</b>	<b>\$14,819,522</b>	<b>\$23,289,664</b>	<b>\$7,964,619</b>	<b>\$14,640,592</b>	<b>\$22,605,211</b>

Notes: Columns may not add due to rounding.

Source: Canyon Research Southwest, Inc.; March 2010.

# **TDD SALES TAX REVENUE ANALYSIS**

A Transportation Development District (“TDD”) will finance transportation projects and other associated costs. This section of the report generates TDD Sales Tax revenue forecasts for Adams Farm RPA Phase 2.

## **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 RPA Phase 2. As of the date of this report, 16 businesses totaling approximately 220,118 square feet of space are open and operating, under construction or have committed to opening for business during 2010 within the Adams Farm RPA Phase 2. Phase 2 will be anchored by a 63,764 square foot Kohl’s and 47,500 square foot Gorman’s. Junior anchors will include Books-a-Million, Petco, Staples and Michaels. Those Phase 2 businesses open and operating as of the date of this report include the Gap Outlet, Maurice’s, Gamestop, Sally Beauty, Chipolte and Mattress Firm. Businesses under construction include Gordmans, Petco, Famous Footwear and Olive Garden.

A 1.0 percent TDD Sales Tax shall be imposed for up to 30 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.

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 located within the Adams Farm RPA Phase 2 included in the Adams Farm TDD.

### **Adams Farm Transportation Development District Redevelopment Project Area Phase 2 Businesses Open and Operating, U/C or Committed**

<b>Business Name</b>	<b>Size Sq. Ft.</b>	<b>Opening Date</b>
<b>Open for Business</b>		
Maurice's	5,010	November 5, 2009
Sally Beauty	1,623	November 19, 2009
Gap Outlet	7,500	November 20, 2009
Gamestop	2,160	November 23, 2009
Mattress Firm	3,745	November 27, 2009
Chipotle	2,500	December 4, 2009
<b>Under Construction</b>		
Petco	13,500	March 1, 2010
Olive Garden	7,441	March 15, 2010
Famous Footwear	5,942	March 15, 2010
Gordmans	47,500	May 4, 2010
<b>Committed</b>		
Arby's	3,000	May 1, 2010
Books-a-Million	12,500	May 1, 2010
M&I Bank	4,240	June 1, 2010
Michaels	21,390	July 1, 2010
Staples	18,303	September 1, 2010
Kohl's	63,764	October 1, 2010
<b>Total Sq. Ft.</b>	<b>220,118</b>	

## **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 by the City of Blue Springs; and
5. The consultant's internal data base on actual retail sales of comparable stores.

As of the date of this report, 16 businesses totaling approximately 220,118 square feet of space are open and operating, under construction or have committed to opening for business during 2010 within the Adams Farm RPA Phase 2. The previous section of the report forecast store sales at \$993,382 from November 5, 2009 through December 31, 2009; \$32.8 million in 2010; \$58.0 million in 2011 and \$60.0 million for 2012.

During the 20-year period from 1990 through 2009 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 2.785 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 outlined by table on page 50, for the 30-year period from January 1, 2009 through December 31, 2038 the Adams Farm TDD is forecast to generate total gross TDD Sales Tax revenue of approximately \$20.7 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 \$20.1 million. Accounting for the 2-month lag in sales tax receipts, an estimated \$19.9 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  
TDD Sales Tax Revenue Forecasts – Adams Farm RPA Phase 2**

Year	Adams Farm TDD Retail Sales	TDD Sales Tax Revenue 1.00%	Less: Timely Deposit Refund 2.00%	Less: City Collection Fee 1.00%	Net TDD Sales Tax Revenue	Available for Deposit into TDD Fund
2009	\$993,382	\$9,934	\$199	\$99	\$9,636	\$0
2010	\$32,754,229	\$327,542	\$6,551	\$3,275	\$317,716	\$274,254
2011	\$57,958,285	\$579,583	\$11,592	\$5,796	\$562,195	\$521,337
2012	\$60,003,226	\$600,032	\$12,001	\$6,000	\$582,031	\$578,716
2013	\$60,903,274	\$609,033	\$12,181	\$6,090	\$590,762	\$589,303
2014	\$61,816,824	\$618,168	\$12,363	\$6,182	\$599,623	\$598,142
2015	\$62,744,076	\$627,441	\$12,549	\$6,274	\$608,618	\$607,114
2016	\$63,685,237	\$636,852	\$12,737	\$6,369	\$617,747	\$616,221
2017	\$64,640,516	\$646,405	\$12,928	\$6,464	\$627,013	\$626,464
2018	\$65,610,123	\$656,101	\$13,122	\$6,561	\$636,418	\$634,846
2019	\$66,594,275	\$665,943	\$13,319	\$6,659	\$645,964	\$644,369
2020	\$67,593,189	\$675,932	\$13,519	\$6,759	\$655,654	\$654,036
2021	\$68,607,087	\$686,071	\$13,721	\$6,861	\$665,489	\$663,845
2022	\$69,636,193	\$696,362	\$13,927	\$6,964	\$675,471	\$673,803
2023	\$70,680,736	\$706,807	\$14,136	\$7,068	\$685,603	\$683,910
2024	\$71,740,947	\$717,409	\$14,348	\$7,174	\$695,887	\$694,168
2025	\$72,817,062	\$728,171	\$14,563	\$7,282	\$706,325	\$704,581
2026	\$73,909,317	\$739,093	\$14,782	\$7,391	\$716,920	\$715,150
2027	\$75,017,957	\$750,180	\$15,004	\$7,502	\$727,674	\$726,377
2028	\$76,143,227	\$761,432	\$15,229	\$7,614	\$738,589	\$736,766
2029	\$77,285,375	\$772,854	\$15,457	\$7,729	\$749,668	\$747,817
2030	\$78,444,656	\$784,447	\$15,689	\$7,844	\$760,913	\$759,034
2031	\$79,621,325	\$796,213	\$15,924	\$7,962	\$772,327	\$770,419
2032	\$80,815,645	\$808,156	\$16,163	\$8,082	\$783,912	\$781,976
2033	\$82,027,880	\$820,279	\$16,406	\$8,203	\$795,670	\$793,705
2034	\$83,258,298	\$832,583	\$16,652	\$8,326	\$807,605	\$805,811
2035	\$84,507,173	\$845,072	\$16,901	\$8,451	\$819,720	\$817,695
2036	\$85,774,780	\$857,748	\$17,155	\$8,577	\$832,015	\$829,960
2037	\$87,061,402	\$870,614	\$17,412	\$8,706	\$844,496	\$842,410
2038	\$88,367,323	\$883,673	\$17,673	\$8,837	\$857,163	\$855,046
		<b>\$20,710,130</b>	<b>\$414,203</b>	<b>\$207,101</b>	<b>\$20,088,826</b>	<b>\$19,945,575</b>

Source: Canyon Research Southwest, Inc.; March 2010.

# **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 SummitWoods 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 Tuscan Village mixed-use development in St. Joseph, Missouri;
- 675,960 square foot Shoppes at North Village in St. Joseph, Missouri;
- 29<sup>th</sup> 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 Soulard located at 2500 South 18<sup>th</sup> 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 State Land Department  
Aspen Enterprises  
Bain & Company, Inc. (Boston, Massachusetts)  
Bashas' Markets  
Belz-Burrow (Jonesboro, Arkansas)  
Briarcliff Development Company (Kansas City, Missouri)  
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 Blue Springs, 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 Manhattan, Kansas  
City of Mesa Economic Development Department  
City of Mesa Real Estate Services  
City of Norman, Oklahoma  
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  
City of Wichita, Kansas  
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)  
Diamond Ventures (Tucson, Arizona)  
DMB Associates  
DMJM Arizona Inc.  
EDAW, Inc. (Denver, Colorado)  
Gilded Age (St. Louis, Missouri)  
W.M. Grace Development (Phoenix, Arizona)  
Greystone Group (Newport Beach, California)  
Heritage Bank (Louisville, Colorado)  
Highwoods Properties (Kansas City, Missouri)  
Jorden & Bischoff, PLC  
Kaiser Permanente (Oakland, California)

Kessinger Hunter (Overland Park, Kansas)  
Lawrence Group (St. Louis, Missouri)  
Lee's Summit Economic Development Council (Lee's Summit, Missouri)  
Lewis and Roca  
LoftWorks, LLC (St. Louis, Missouri)  
Lowe's Companies, Inc. (West Bloomfield, MI)  
Lund Cadillac  
MCO Properties  
Meritage Homes  
Metropolitan Housing Corporation (Tucson, Arizona)  
Monterey Homes  
Mountain Funding (Charlotte, North Carolina)  
Navajo Nation Division of Economic Development  
Oppenheimer & Co. Inc. (Kansas City, Missouri)  
Pederson Group, Inc.  
Phelps Dodge Corporation  
Piper Jaffray (Kansas City and St. Louis, Missouri)  
Pivotal Group  
Pulte Home Corporation  
Pulte Homes of Greater Kansas City  
Pyramid Development (St. Louis, Missouri)  
Ralph J. Brekan & Company  
Rancho Sahuarita Company (Tucson, Arizona)  
RED Development (Kansas City, Missouri)  
R.H. Johnson & Company (Kansas City, Missouri)  
Richmond American Homes  
Royal Properties (Champaign, Illinois)  
Salt River Project  
Steiner + Associates, Inc. (Columbus, Ohio)  
SternBrothers & Co. (Kansas City and St. Louis, Missouri)  
Summit Development Group (St. Louis, Missouri)  
The Innova Group Tucson (Tucson, Arizona)  
The University of Arizona Department of Economic Development (Tucson, Arizona)  
The University of Arizona Medical Center (Tucson, Arizona)  
Unified Government of Wyandotte County and City of Kansas City, Kansas  
Wal-Mart, Inc. (Bentonville, Arkansas)  
Waste Management  
Wells Fargo Bank NA  
Weststone Properties  
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 and the Series 2010 Bonds.

**“Arbitrage Instructions”** means the Arbitrage Investment and Rebate Instructions contained in the Tax Compliance Agreements, 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, the Series 2010 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, collectively, the Ordinances of the City, authorizing the execution and delivery of the Indenture and the issuance of the Series 2009 Bonds and the Series 2010 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, with respect to the Series 2009 Bonds, the sum of \$1,023,178.83 deposited into the Bond Proceeds Account for the Series 2009 Bonds, which was 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; with respect to the Series 2010 Bonds, the sum of \$1,260,036.76 to be deposited into the Bond Proceeds Account for the Series 2010 Bonds, which is a sum, at the date of original issuance and delivery of the Series 2010 Bonds, equal to the least of (A) 10% of the original aggregate principal amount of the Series 2010 Bonds, (B) the maximum annual Debt Service

Requirements on the Series 2010 Bonds in any future fiscal year following such date, or (C) 125% of the average future annual Debt Service Requirements on the Series 2010 Bonds, plus the amount of \$1,260,036.76 to be deposited into the Business Interruption Account for the Series 2010 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, with respect to any series of the Bonds, either (i) the disbursement of all moneys in the Project Fund pursuant to the Indenture for the portion of the Project to be funded with the proceeds of a series of the Bonds, or (ii) the deposit of all remaining moneys therein into the Debt Service Fund pursuant to the Indenture for a series of the Bonds.

**“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.

**“Series 2010 Bonds”** means the City’s Special Obligation Bonds (Adams Farm Project), Series 2010.

**“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 Agreements”** means the Tax Compliance Agreements, between the City and the Trustee, as from time to time amended in accordance with the provisions thereof, for each series of Bonds.

**“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 2010 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 ratified 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 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;

*Third*, 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;

*Fourth*, 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;

*Fifth*, 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;

*Sixth*, 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

*Seventh*, 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.

For purposes of allocations of moneys in the Revenue Fund, the TDD Revenues allocable to pay the Debt Service Requirements for the Series 2010 Bonds shall not exceed 30% of the Debt Service Requirements for the Series 2010 Bonds, or such other percentage as provided in writing by the City to the Trustee permitted by law based on amounts paid from the Project Fund and eligible for payment from the TDD Revenues.

#### **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 2010 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 November 1, 2010 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.

Upon an Event of Default and application of moneys in the Revenue Fund subsequent to an Event of Default, the TDD Revenues applied to pay the Debt Service Requirements for the Series 2010 Bonds shall not exceed 30% of the Debt Service Requirements for the Series 2010 Bonds, or such other percentage as provided in writing by the City to the Trustee permitted by law based on amounts paid from the Project Fund and eligible for payment from such TDD Revenues.

## **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 which the City had transferred to the Trustee during such Fiscal Year and TDD Revenues (separately listed for each of the Transportation Development Districts) received by 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.

\* \* \* \* \*



## 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: \$16,805,000 City of Blue Springs, Missouri, Special Obligation Bonds (Adams Farm Project)  
Series 2010

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 as supplemented by the First Supplemental Trust Indenture dated as of March 1, 2010 (as supplemented, 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 are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain "financial institutions," within the meaning of Section 265(b)(5) of the Code, a deduction is allowed for 80 percent of that portion of a financial institution's interest expense allocable to interest on the Series 2010 Bonds. 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,