

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, interest on the Series 2015 Bonds (including any original issue discount properly allocable to an owner thereof) is **included** in gross income for federal income tax purposes and is subject to Missouri income taxation. See “**TAX MATTERS**” in this Official Statement.*

**\$3,910,000**  
**CITY OF BLUE SPRINGS, MISSOURI**  
**TAXABLE SPECIAL OBLIGATION SPECIAL ASSESSMENT BONDS**  
**(ADAMS FARM PROJECT)**  
**SERIES 2015**

**Dated: Date of Delivery**

**Due: See Inside Cover**

The Series 2015 Bonds are issuable only as fully registered Bonds without coupons. Purchases of the Series 2015 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 2015 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 2015 Bonds will be payable semiannually on each June 1 and December 1, beginning December 1, 2015.

The Series 2015 Bonds are being issued by the City of Blue Springs, Missouri (the “City”), pursuant to a Trust Indenture dated as of August 1, 2015 by and between the City and the Trustee (the “Indenture”). The Series 2015 Bonds are special limited obligations of the City, payable solely from Revenues (as described herein) expected to be received from the Adams Dairy Landing Community Improvement District (the “CID”).

**THE BONDS 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, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE CID, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.**

**The Series 2015 Bonds involve risks, and prospective purchasers should read the section herein captioned “BONDOWNERS’ RISKS.” The Series 2015 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 2015 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 2015 Bonds before considering a purchase of the Series 2015 Bonds.**

*The Series 2015 Bonds are subject to redemption prior to maturity in certain circumstances, as described herein. See “**THE SERIES 2015 BONDS – Redemption Provisions**” herein.*

*The Series 2015 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 Nancy K. Yendes, Esq., Blue Springs, Missouri, City Attorney. Certain legal matters will be passed upon for the CID by Lewis Rice LLC, Kansas City, Missouri. Certain matters will be passed upon for the Developer by Polsinelli PC, Kansas City, Missouri. Bryan Cave LLP, Kansas City, Missouri, serves as counsel to the Underwriter. It is expected that the Series 2015 Bonds will be available for delivery on or about August 18, 2015.*

**STIFEL**

The date of this Official Statement is August 5, 2015.

**\$3,910,000**  
**CITY OF BLUE SPRINGS, MISSOURI**  
**TAXABLE SPECIAL OBLIGATION SPECIAL ASSESSMENT BONDS**  
**(ADAMS FARM PROJECT)**  
**SERIES 2015**

**MATURITY SCHEDULE**

<b><u>Maturity</u></b> <b><u>(June 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>	<b><u>CUSIP Number</u></b>
2045	\$3,910,000	7.125%	98.50%	096054 BQ3

PHOTOGRAPHS OF ADAMS DAIRY LANDING









**CITY OF BLUE SPRINGS, MISSOURI**

903 W. Main  
Blue Springs, Missouri 64015

**MAYOR**

Carson Ross

**CITY COUNCIL**

Dale Carter  
Susan Culpepper  
Kent Edmondson  
Ronald Fowler  
Chris Lievsay  
Jeff Quibell

**CITY ADMINISTRATOR**

Eric Johnson

**DEPUTY CITY ADMINISTRATOR**

Adam Norris

**ASSISTANT CITY ADMINISTRATOR**

Christine Cates

**FINANCE DIRECTOR**

Karen Van Winkle

**CITY ATTORNEY**

Nancy K. Yendes, Esq.

**CITY'S FINANCIAL ADVISOR**

Piper Jaffray & Co.  
Leawood, Kansas

**TRUSTEE**

UMB Bank, N.A.  
Kansas City, Missouri

**BOND COUNSEL**

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

**UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated  
St. Louis, Missouri

No dealer, broker, salesman or other person has been authorized by the City, the CID or the Developer to give any information or to make any representations with respect to the Series 2015 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 Series 2015 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, the CID, the Developer 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 Developer or the CID. 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, the CID or the Developer since the date hereof.

**The Series 2015 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 Series 2015 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, THE CID 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

**\$3,910,000**

### **CITY OF BLUE SPRINGS, MISSOURI TAXABLE SPECIAL OBLIGATION SPECIAL ASSESSMENT BONDS (ADAMS FARM PROJECT) SERIES 2015**

#### 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 Taxable Special Obligation Special Assessment Bonds (Adams Farm Project) Series 2015 (the “Series 2015 Bonds” and, together with any Additional Bonds as described herein under the caption **“SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS – Additional Bonds,”** the “Bonds”), (3) the Adams Dairy Landing Community Improvement District (the “CID”) and (4) a retail development, known as Adams Dairy Landing (“Adams Dairy Landing”), developed by Blue Springs Development Three, Inc., a Missouri corporation (the “Developer”) as part of a retail development area known as the Adams Farm Area (“Adams Farm Area”), all pursuant to the Adams Farm Tax Increment Financing Plan (as amended, 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 B – 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 the caption **“THE CITY”** herein for additional information with respect to the City.

#### **The CID**

The CID is a community improvement district and a political subdivision of the State of Missouri, formed pursuant to the Missouri Community Improvement District Act, Sections 67.1401 through 67.1571 of the Revised Statutes of Missouri, as amended (the “CID Act”). See **“THE CID”** herein.

#### **The Series 2015 Bonds**

The Series 2015 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 August 1, 2015 (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 costs of the Project, (b) fund a debt service reserve for the Series 2015 Bonds, (c) fund capitalized interest for the Series 2015 Bonds and (d) pay the costs of issuance of the Series 2015 Bonds. A description of the Series 2015 Bonds is contained in this Official Statement under the caption **“THE SERIES 2015 BONDS.”** All references to the Series 2015 Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Indenture.

*The Series 2015 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2015 BONDS – Redemption Provisions” and “PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS” herein.*

## **Security for the Bonds**

The Bonds and the interest thereon are special limited obligations of the City payable solely from proceeds of the Bonds, the 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. See **“SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS – Revenues”** herein.

“Revenues” means the CID Special Assessments on deposit in the Special Allocation Fund – CID Special Assessment Account for payment by the City on behalf of the CID to the Trustee as provided in the Financing Agreement, *but excluding* the CID Administrative Fee and the CID Operating Expenses. Additionally, Revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) any sum received by the City on behalf of the CID which is the subject of a suit or other claim communicated to the City or the CID, which suit or claim challenges the collection of such sum, and (iii) the amount of \$1,246,685.80 from the CID Special Assessments received by the City prior to the Bond Issuance Date for the Series 2015 Bonds, which amount shall be paid by the City directly to the Developer or to the party to whom the Developer has assigned the right to such payment, as reimbursement of CID Reimbursable Project Costs.

“CID Special Assessments” means the proceeds of the special assessments in the amount of \$1.00 per square foot of building floor area imposed by the CID within its boundaries that are received by the City from the Collector on behalf of the CID and deposited in the Special Allocation Fund – CID Special Assessment Account maintained by the City pursuant to the Financing Agreement, the Redevelopment Agreement and the Cooperative Agreement. CID Special Assessments shall not include (i) the charge of up to 1.0% to be retained by the Collector in connection with the collection of the special assessments, (ii) any special assessments paid under protest until the protest is withdrawn or resolved against the taxpayer, and (iii) any special assessments received by the City or the Collector on behalf of the CID that are the subject of a suit or other claim communicated to the City, the Collector or the CID, which suit or claim challenges the collection of such special assessments. The CID Special Assessments are imposed on the portion of the property on which Adams Dairy Landing is located that is within the CID Boundaries (as defined under **“THE CID – General”**). See **“THE CID – General”** for a map of the CID Boundaries, **“ADAMS DAIRY LANDING – The Developer; the Owners”** for a map of Adams Dairy Landing and **“SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING”** for a description of the businesses operating within Adams Dairy Landing and the CID Boundaries. There is currently 383,615 square feet of building floor area within the CID Boundaries.

A Bond Reserve Fund will be initially funded in an amount equal to \$391,000 as additional security for the Series 2015 Bonds. See **“SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS – Indenture Funds and Accounts”** herein.

THE BONDS ARE NOT SECURED BY A MORTGAGE ON ANY PROPERTY. However, the CID Special Assessments constitute a lien against the real estate from which they are derived and the lien of such unpaid assessments may be enforced as provided by law.

The Bonds 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, directly, indirectly or contingently,

obligate the City, the CID, the State or any political subdivision thereof to levy any form of taxation therefor 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 2015 Bonds. See the caption “**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS – Additional Bonds**” herein.

### **Revenue Study**

A study entitled “Estimates of CID Special Assessment Revenues, Adams Dairy Landing CID, City of Blue Springs, Missouri,” dated July 2015 (the “Revenue Study”) has been prepared by GAI Consultants, Inc., Orlando, Florida. A copy of the Revenue Study is attached hereto as **Appendix A**. See the caption “**REVENUE STUDY**” herein. The City, the CID, the Developer, the Financial Advisor and the Underwriter make 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.

### **Bondowners’ Risks**

Any purchase of the Series 2015 Bonds involves risk, and prospective purchasers should read the caption herein captioned “**BONDOWNERS’ RISKS.**” The Series 2015 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 2015 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 2015 Bonds before considering a purchase of the Series 2015 Bonds.

### **Definitions and Summary of Documents**

Definitions of certain words and terms used in this Official Statement and a summary of certain provisions of the Indenture, the Financing Agreement and the Continuing Disclosure Agreement are included in this Official Statement in **Appendix B** 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 Stifel, Nicolaus & Company, Incorporated, 501 North Broadway, 8th Floor, St. Louis, Missouri 63102.

### **Continuing Disclosure**

Pursuant to a Continuing Disclosure Agreement with Blue Springs Development Three, Inc. and UMB Bank, N.A., as Dissemination Agent, the City has agreed to provide to the Municipal Securities Rulemaking Board (the “MSRB”), (1) not later than March 31st of each year (or, if the City’s fiscal year should change, not later than the last day of the calendar month containing the 180th day following the end of the City’s fiscal year), the audited financial statements of the City for that fiscal year and (2) certain data on a semi-annual basis. The Developer has agreed under the Continuing Disclosure Agreement to provide certain data on a semi-annual basis. The financial statements of the City are audited by the City’s independent certified public accountants. The City has also agreed to provide prompt notice to the MSRB of the occurrence of certain material events with respect to the Bonds. See “**Summary of the Continuing Disclosure Agreement**” in **Appendix B** hereto.

The City has previously engaged in undertakings similar to the Continuing Disclosure Agreement to provide to the national information repositories (presently, only the MSRB) the audited financial statements of the City and updates of certain operating data of the City. For the fiscal years ending in 2012, 2013 and 2014,

the City provided its audited financial statements and operating data on time. For the fiscal year ending 2011, the audited financial statements were timely filed, and some of the operating data was timely filed but other operating data was not timely filed. For the fiscal year ending 2010, the audited financial statements were timely filed, some of the operating data was filed timely, but not all of the required operating data was filed. The City also failed to file notices of its failure to timely or completely file its operating data. The filings of the City are available at [www.emma.msrb.org](http://www.emma.msrb.org). The City believes that its current procedures in place will promote compliance with its undertakings in accordance with the Rule.

## PLAN OF FINANCE

### 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 2015 Bonds:

*Sources of Funds:*

Net proceeds of the Series 2015 Bonds.....	\$3,851,350.00
Available moneys .....	<u>1,246,685.80</u>
Total sources of funds .....	\$5,098,035.80

*Uses of Funds:*

Deposit to the Project Fund .....	\$3,138,769.45
Reimbursement to the Developer from available moneys .....	1,246,685.80
Deposit to the Capitalized Interest Fund.....	79,706.98
Deposit to the Bond Reserve Fund .....	391,000.00
Deposit to the Costs of Issuance Fund.....	149,011.07
Underwriter's Discount.....	<u>92,862.50</u>
Total uses of funds .....	\$5,098,035.80

### The Project

A portion of the proceeds of the Series 2015 Bonds will be used to reimburse the Developer for CID Reimbursable Project Costs incurred by the Developer in the development and construction of Adams Dairy Landing, in accordance with the Redevelopment Agreement.

*[remainder of page intentionally left blank]*



## **THE SERIES 2015 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 and the Constitution and statutes of the State of Missouri. The Bonds will be issuable as fully registered bonds, without coupons. Purchases of the Series 2015 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 2015 Bonds will not receive certificates representing their interests in the Series 2015 Bonds purchased. The Series 2015 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 2015 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, 2015.

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

Bonds may be transferred only upon the Bond 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 of the same series and maturity, registered in the name of the transferee, of any Authorized Denomination.

Any Bond, upon surrender thereof at the payment 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 series and maturity, of any Authorized Denomination.

The City or the Trustee may make a charge against each Owner requesting a transfer or exchange of Bonds for every such transfer or exchange of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such transfer or exchange, the cost of printing, if any, each new Bond issued upon any transfer or exchange and the reasonable expenses of the City and the Trustee in connection therewith, and such charge shall be paid before any such new Bond shall be delivered. The City or the Trustee may levy a charge against an Owner sufficient to reimburse it for any governmental charge required to be paid in the event the Owner fails to provide a correct taxpayer identification number to the Trustee. Such charge may be deducted from amounts otherwise due to such Owner under the Indenture or under the Bonds.

### **Redemption Provisions**

*Optional Redemption.* The Series 2015 Bonds are subject to optional redemption by the City in whole or in part at any time on or after June 1, 2024, at a redemption price equal to 100% of the principal amount of Series 2015 Bonds to be redeemed, plus accrued interest to the redemption date.

*Special Mandatory Redemption.*

The Series 2015 Bonds are subject to special mandatory redemption by the City on any Interest Payment Date beginning with June 1, 2016, at the redemption price of 100% of the principal amount being redeemed, together with accrued interest thereon to the date fixed for redemption, in an amount equal to the amount which is on deposit in the Redemption Account of the Debt Service Fund 40 days prior to each Payment Date (or if such date is not a Business Day, the immediately preceding Business Day).

The Series 2015 Bonds are subject to special mandatory redemption by the City, in whole but not in part, on any date in the event that moneys in the applicable account of the Debt Service Fund derived from the Revenues and the applicable subaccount of the Bond Reserve Fund are sufficient to redeem all of such Series 2015 Bonds at a redemption price of 100% of such Series 2015 Bonds Outstanding, together with accrued interest thereon to the date fixed for redemption.

*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 optionally redeemed, such Bonds shall be redeemed from stated maturities selected by the City, and Bonds of less than a full Stated Maturity shall be selected by the Trustee in \$5,000 units of principal amount by lot or in such other equitable manner as the Trustee 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 unit of \$5,000 in excess of the minimum Authorized Denomination shall be treated as though it was a separate Bond of \$5,000. If one or more, but not all, of the \$5,000 units of principal amount in excess of the minimum Authorized Denomination represented by any Bond are selected for redemption, then upon notice of intention to redeem such unit or units, the Owner of such Bond or such Owner's attorney or legal representative shall forthwith present and surrender such Bond to the Trustee (i) for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the 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 the minimum Authorized Denomination shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the unit or units of principal amount called for redemption and shall cease to accrue interest on such amount.

*Notice and Effect of Call for Redemption*

Unless waived by any Owner of Bonds to be redeemed, official notice of the 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 Bond Register or at such other address as is furnished in writing by such Owner to the Trustee; 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 Bonds.

Any provision in the Indenture to the contrary notwithstanding, the notice of optional redemption pursuant to the Indenture shall state that it is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds, and such notice and optional redemption shall be of no effect if by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds are not on deposit with and available to the Trustee.

On or prior to the date fixed for redemption, moneys available solely for such redemption in accordance with the requirements of the Indenture shall be deposited with the Trustee to pay the principal of the Bonds called for redemption, accrued interest thereon to the redemption date, if any, and the redemption premium, if any, thereon. Upon the happening of the above conditions, and notice having been given as provided in the Indenture, as applicable, 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 of the Bonds called for redemption are on deposit at the place of payment at the time fixed for such redemption, 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**

If the City shall pay the principal of, redemption premium, if any, and interest on all of the Bonds Outstanding in accordance with their terms, or shall provide for such payment as provided in the Indenture, and if the City shall also pay or cause to be paid all other sums payable under the Indenture by the City, then and in that case the Indenture and the estate and rights granted under the Indenture shall cease, terminate and become null and void, and thereupon the Trustee shall, upon written request of the City, and an Opinion of Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture and the lien thereof; provided that, with respect to Bonds for which payment has been provided at the time but which has not in fact been paid, the liability of the City in respect of such Bonds shall continue provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Government Securities deposited with the Trustee as provided in the Indenture. The satisfaction and discharge of the Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Developer for any expenditures that it may thereafter incur in connection therewith.

Notwithstanding the release and discharge of the lien of the Indenture as described above, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, redemption of Bonds and the duties of the Trustee, the Bond Registrar and the Paying Agent in connection with all of the foregoing and the rights of the Trustee under the Indenture, remain in effect and shall be binding upon the Trustee and the Bondowners.

### **Defeasance Provisions**

If the City shall pay or provide for the payment of any Outstanding Bond in any one or more of the following ways:

- (1) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (2) by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) Bonds (including the payment of redemption premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof), provided that such moneys, if invested, shall be invested in Government Securities which are not subject to redemption and payment prior to maturity except at the option of the holder thereof ("Non-Callable Government Securities") in an amount and with maturities, without consideration of any income or increment to accrue thereon,

sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates, to pay the interest thereon as it comes due;

(3) by delivering to the Trustee, for cancellation by it, such Bonds; or

(4) if the Bonds are to be refunded and defeased more than 90 days prior to the redemption date, by depositing with the Trustee, in trust, Non-Callable Government Securities in such amounts as are certified to the Trustee by a written report of an independent certified public accountant to be fully sufficient, together with other moneys deposited therein and together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates, to pay the interest thereon as it comes due;

then such Bond or Bonds shall be deemed to be paid within the meaning of the Indenture and shall cease to be entitled to any lien, benefit or security under the Indenture, except for the purposes of any such payment from such moneys or Government Securities and except for the purposes of registration, transfer and exchange of such Bonds. If all the Bonds are not to be redeemed within 30 days, the Trustee shall mail, as soon as practicable, in the manner prescribed by the Indenture, a notice to the Owners of such Bonds that the deposit required by paragraphs (2) or (4) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of or redemption price, if applicable, on said Bonds as specified in paragraphs (2) or (4) above.

Notwithstanding any provisions of the Indenture which may be contrary, all moneys or Non-Callable Government Securities set aside and held in trust pursuant to the provisions of defeasance provisions of the Indenture for the payment of Bonds (including redemption premium thereon, if any, and interest) shall be applied to and used solely for the payment of the particular Bonds (including redemption premium thereon, if any, and interest) with respect to which such moneys and Non-Callable Government Securities have been so set aside in trust.

### **Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2015 Bonds. The Series 2015 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 2015 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC or with the Trustee as its “FAST” Agent.

### ***DTC and its Participants***

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and



non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

### ***Purchase of Ownership Interests***

Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2015 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 Series 2015 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 Series 2015 Bonds, except in the event that use of the book–entry system for the Series 2015 Bonds is discontinued.

### ***Transfers***

To facilitate subsequent transfers, all Series 2015 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 Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2015 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 Series 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 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 shall be sent to DTC. If less than all of the Series 2015 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

### ***Voting***

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2015 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 Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

### ***Payments of Principal and Interest***

Redemption proceeds, principal and interest payments on the Series 2015 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 payable dates 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the City, 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.

### ***Continuation of Book-Entry Only System***

DTC may discontinue providing its services as depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to the Trustee or the City. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

*The information above concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the CID, the Developer, the Trustee, the Financial Advisor or the Underwriter. The City, the CID, the Developer, the Trustee, the Financial Advisor and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.*

## **SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS**

### **Limited Obligations; Sources of Payment**

The Bonds and the interest thereon are special limited obligations of the City payable solely from proceeds of the Bonds, the 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. See "**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2015 BONDS – Revenues**" herein.

"Revenues" means the CID Special Assessments on deposit in the Special Allocation Fund – CID Special Assessment Account for payment by the City on behalf of the CID to the Trustee as provided in the

Financing Agreement, *but excluding* the CID Administrative Fee and the CID Operating Expenses. Additionally, Revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) any sum received by the City on behalf of the CID which is the subject of a suit or other claim communicated to the City or the CID, which suit or claim challenges the collection of such sum, and (iii) the amount of \$1,246,685.80 from the CID Special Assessments received by the City prior to the Bond Issuance Date for the Series 2015 Bonds, which amount shall be paid by the City directly to the Developer or to the party to whom the Developer has assigned the right to such payment, as reimbursement of CID Reimbursable Project Costs.

“CID Special Assessments” means the proceeds of the special assessments in the amount of \$1.00 per square foot of building floor area imposed by the CID within its boundaries that are received by the City from the Collector on behalf of the CID and deposited in the Special Allocation Fund – CID Special Assessment Account maintained by the City pursuant to the Financing Agreement, the Redevelopment Agreement and the Cooperative Agreement. CID Special Assessments shall not include (i) the charge of up to 1.0% to be retained by the Collector in connection with the collection of the special assessments, (ii) any special assessments paid under protest until the protest is withdrawn or resolved against the taxpayer, and (iii) any special assessments received by the City or the Collector on behalf of the CID that are the subject of a suit or other claim communicated to the City, the Collector or the CID, which suit or claim challenges the collection of such special assessments. The CID Special Assessments are imposed on the portion of the property on which Adams Dairy Landing is located that is within the CID Boundaries. See “**THE CID – General**” for a map of the CID Boundaries, “**ADAMS DAIRY LANDING – The Developer; the Owners**” for a map of Adams Dairy Landing and “**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING**” for a description of the businesses operating within Adams Dairy Landing and the CID Boundaries.

A Bond Reserve Fund will be initially funded in the amount equal to \$391,000 as additional security for the Series 2015 Bonds.

## **Revenues**

The Trustee shall deposit into the Revenue Fund all Revenues and any other amounts received by the Trustee on the tenth day of each month (or the next Business Day thereafter if the tenth day is not a Business Day) that are subject to the lien and pledge of the Indenture, to the extent not required to be deposited in other Funds and Accounts in accordance with the terms of the Indenture or to the extent otherwise restricted in use of payments pursuant to the Indenture. The Trustee shall deposit all Revenues consisting of CID Special Assessments to the CID Special Assessments Account of the Revenue Fund and all other amounts required to be deposited in the Revenue Fund pursuant to the terms of the Indenture into the Revenue Account of the Revenue Fund. The Trustee shall notify the City, the CID, the Developer and the Purchaser if the Trustee has not received such payments 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).

## **Indenture Funds and Accounts**

*Revenue Fund.* Except as otherwise provided in the Indenture with respect to final balances, the Trustee shall apply moneys from the Revenue Fund, after accounting for the application of moneys from the Capitalized Interest Fund, *first*, from the Revenue Account of the Revenue Fund, and *second*, from the CID Special Assessments Account of the Revenue Fund, at least 40 days prior to each Interest Payment Date and Principal Payment Date on the Bonds, for application in the order of priority and for the purposes as follows:

- (1) to the Trustee, an amount equal to all fees, charges, advances and expenses of the Trustee due and payable pursuant to the Indenture (not to exceed \$4,500 per Fiscal Year);

(2) to the City, an amount equal to all fees, charges and expenses of or incurred by the City in compliance with the provisions of the Indenture relating to transferring Bonds, issuing replacement Bonds, performance of covenants under the Indenture, executing instruments of further assurance, collection of payments, enforcement of agreements and recording of documents;

(3) to the Interest Account of the Debt Service Fund, an amount sufficient to pay the interest becoming due and payable on the Parity Bonds on the next two Interest Payment Dates;

(4) to the Principal Account of the Debt Service Fund, an amount sufficient to pay the principal of the Parity Bonds on the next Principal Payment Date (at maturity or upon mandatory sinking fund redemption);

(5) for transfer to the Redemption Account in the Debt Service Fund for application to the redemption of the Bonds pursuant to the Indenture, an amount sufficient to redeem the Parity Bonds in accordance with 100% of the payment schedule (taking into account both the projected redemption on such Payment Date and the cumulative redemptions to and including such Payment Date) shown on an exhibit to the Indenture (which conforms to “Case I” under the caption **“PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS”** herein);

(6) for deposit to the Bond Reserve Fund until the Bond Reserve Fund has been funded or restored in an amount equal to the Bond Reserve Requirement;

(7) beginning June 1, 2016, for reimbursement of the Developer for Developer Paid Operating Costs certified to the Trustee by the Authorized City Representative through the monthly reports required under the Indenture (which amounts may be carried forward to future years if not fully reimbursed in any given Fiscal Year);

(8) for transfer to the Redemption Account in the Debt Service Fund, all remaining funds to redeem Series 2015 Bonds pursuant to the Indenture which shall be applied to the payment of the principal of and accrued interest on all Series 2015 Bonds which are subject to redemption on the next succeeding Payment Date (see **“PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS”** herein); and

(9) for transfer to the Redemption Account in the Debt Service Fund, all remaining funds to redeem Additional Bonds which are Parity Bonds pursuant to the special mandatory redemption provisions contained in the Supplemental Indenture authorizing such Additional Bonds which shall be applied to the payment of the principal of and accrued interest on all such Additional Bonds which are subject to redemption on the next succeeding Payment Date.

If necessary, on the Business Day prior to each Interest Payment Date, drawing *first*, from the Revenue Account of the Revenue Fund, and *second*, from the CID Special Assessments Account of the Revenue Fund, the Trustee shall transfer to the applicable accounts of the Debt Service Fund an amount sufficient to pay the principal of or interest on the Bonds due on the next Payment Date.

*Capitalized Interest Fund.* The Trustee shall apply moneys from the Capitalized Interest Fund at least 45 days prior to each Interest Payment Date on the Bonds, to the Interest Account of the Debt Service Fund, an amount sufficient to pay the interest becoming due and payable on the Bonds on such date.

*Debt Service Fund.* Moneys on deposit in the Interest Account shall be applied solely to pay the interest on the Bonds as the same becomes due and payable. On each date fixed for redemption of the Bonds and on each scheduled Interest Payment Date on the Bonds, the Trustee shall remit to the respective



Bondowners of such Bonds an amount from the Interest Account sufficient to pay the interest on the Bonds becoming due and payable on such date.

Moneys on deposit in the Principal Account shall be applied solely to pay the principal of the Bonds as the same becomes due and payable at maturity or scheduled mandatory sinking fund redemption. On each Principal Payment Date of the Bonds, the Trustee shall set aside and hold in trust an amount from the Principal Account sufficient to pay the principal of the Bonds becoming due and payable on such date.

Moneys on deposit in the Redemption Account shall be applied solely to pay the principal and premium, if any, on the Bonds as the same become due and payable by redemption. On each date fixed for such redemption, the Trustee shall set aside and hold in trust an amount from the Redemption Account sufficient to pay the principal of and premium, if any, on the Bonds becoming due and payable on such date.

*Bond Reserve Fund.* Moneys in the Bond Reserve Fund shall be disbursed and expended by the Trustee without further authorization solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds if and to the extent moneys otherwise available for such purpose in the Debt Service Fund are insufficient to pay the same as they become due and payable on the applicable Interest Payment Date or Principal Payment Date. The Trustee may disburse and expend moneys from the Bond Reserve Fund for such purposes whether or not the amount in the Bond Reserve Fund at that time equals the Bond Reserve Requirement.

On April 15 and October 15 of each year (or if such date is not a Business Day, the immediately preceding Business Day), commencing October 15, 2015, the Trustee shall determine the value of all cash and Investment Securities held in the Bond Reserve Fund and shall give immediate written notice to the City if such amount is less than the Bond Reserve Requirement. All such Investment Securities shall be valued as specified pursuant to the Indenture. If the value so determined exceeds the Bond Reserve Requirement, the Trustee shall promptly transfer the excess without further authorization to the Interest Account of the Debt Service Fund.

Moneys in the Bond Reserve Fund shall be used to pay and retire the last Outstanding Parity Bonds unless such Bonds and all interest thereon be otherwise paid. Notwithstanding any other provision of the Indenture, moneys in the Bond Reserve Fund shall be applied to pay the last Outstanding Parity Bonds prior to any application of moneys on deposit in the Revenue Fund or the Debt Service Fund for such purpose.

Moneys in an account of the Bond Reserve Fund for a particular series of the Bonds shall only be used to pay the principal of and interest on that series of the Bonds.

*Project Fund.* The Trustee shall pay out of the Project Fund the amounts certified in the Requisitions and approved by the City, as evidenced by a certificate of the Authorized Developer Representative and approved by the Authorized City Representative, for the payment of Project Costs (excluding Costs of Issuance, which shall be paid from the Costs of Issuance Fund as provided in the Indenture).

The Trustee may conclusively rely on all Requisitions, and the execution of the Requisitions by the Authorized Developer Representative and the Authorized City Representative, as required by the Indenture, as conditions of payment from the Project Fund, which Requisitions constitute, as to the Trustee, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. These documents shall be retained by the Trustee, subject at all reasonable times to examination by the City, the Developer, the CID and the agents and representatives thereof. The Trustee is not required to inspect the Project or the construction work or to make any independent investigation with respect to the matters set forth in any Requisition or other statements, orders, certifications and approvals received by the

Trustee. The Trustee is not required to obtain completion bonds, lien releases or otherwise supervise the construction work.

*Costs of Issuance Fund.* The Trustee shall pay out of the Costs of Issuance Fund the amounts certified in the Requisitions signed by the Authorized City Representative for the payment of Costs of Issuance. The Trustee may conclusively rely upon a Requisition and is not required to make any independent inquiry or investigation with respect to the Requisition. Moneys in the Costs of Issuance Fund shall be expended no later than 90 days after the Bond Issuance Date. Any moneys remaining therein on such date, and any investment earnings thereon, shall be transferred without further authorization to the Interest Account of the Debt Service Fund. The Trustee will provide written notice to the Developer of the amount so transferred.

### **Additional Bonds**

Additional Bonds may be issued on a parity with the Series 2015 Bonds or any other Parity Bonds only (1) upon delivery to the Trustee of (A) evidence that, as of the date of issuance of the Additional Bonds, the cumulative redemptions of the Series 2015 Bonds and any Parity Bonds have been equal to or have exceeded the cumulative redemption amounts shown on the applicable schedules on an exhibit to the Indenture (which conforms to “Case I” under the caption **“PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS”**) as of such date (provided, however, if cumulative redemptions are below the required amount, the requirement may also be satisfied by evidence showing that proceeds from the Additional Bonds will be deposited into the Redemption Account for the Series 2015 Bonds or such Parity Bonds for the sole purpose of satisfying the applicable cumulative redemptions as of the next Interest Payment Date), and (B) a certificate of a consultant acceptable to the City, the Developer, the Purchaser and the purchaser of such Additional Bonds, demonstrating that the projected Revenues (the “Projected Revenues”) are expected to permit the redemption of Series 2015 Bonds and any Outstanding Parity Bonds in amounts that equal or exceed the cumulative redemption amounts shown on the applicable schedules on an exhibit to the Indenture (which conforms to “Case I” under the caption **“PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS”**); (2) upon delivery to the Trustee of a certificate from the City stating terms for any Additional Bonds (A) with Interest Payment Dates on the Additional Bonds being June 1 and December 1 in each year and (B) that do not provide for the payment of the principal of the Additional Bonds until all remaining Series 2015 Bonds are redeemed or defeased pursuant to the terms of the Indenture (or as provided in the Supplemental Indenture authorizing Additional Bonds with respect to such Additional Bonds); and (3) when the Bond Reserve Fund has been funded in an amount equal to the Bond Reserve Requirement with respect to any Parity Bonds.

Except as provided in the Indenture, the City will not otherwise issue any obligations on a parity with the Parity Bonds, but the City may issue other obligations specifically subordinate and junior to the Parity Bonds; provided that if at any time the City shall be in default in paying either principal of or interest on the Parity Bonds, the City shall make no payments of either principal of or interest on said junior bonds until such default or defaults be cured.

### **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 and the interest thereon are special limited obligations of the City, payable solely from proceeds of the Bonds, the Revenues and other moneys pledged thereto and held by the Trustee, as provided in the Indenture. “Revenues” means the CID Special Assessments on deposit in the Special Allocation Fund – CID Special Assessment Account for payment by the City on behalf of the CID to the Trustee as provided in the Financing Agreement, *but excluding* the CID Administrative Fee and the CID Operating Expenses. Additionally, Revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) any sum received by the City on behalf of the CID which is the subject of a suit or other claim communicated to the City or the CID, which suit or claim challenges the collection of such sum, and (iii) the amount of \$1,246,685.80 from the CID Special Assessments received by the City prior to the Bond Issuance Date for the Series 2015 Bonds, which amount shall be paid by the City directly to the Developer or to the party to whom the Developer has assigned the right to such payment, as reimbursement of CID Reimbursable Project Costs.

“CID Special Assessments” means the proceeds of the special assessments in the amount of \$1.00 per square foot of building floor area imposed by the CID within its boundaries that are received by the City from the Collector on behalf of the CID and deposited in the Special Allocation Fund – CID Special Assessment Account maintained by the City pursuant to the Financing Agreement, the Redevelopment Agreement and the Cooperative Agreement. CID Special Assessments shall not include (i) the charge of up to 1.0% to be retained by the Collector in connection with the collection of the special assessments, (ii) any special assessments paid under protest until the protest is withdrawn or resolved against the taxpayer, and (iii) any special assessments received by the City or the Collector on behalf of the CID that are the subject of a suit or other claim communicated to the City, the Collector or the CID, which suit or claim challenges the collection of such special assessments. The CID Special Assessments are imposed on the portion of the property on which Adams Dairy Landing is located that is within the CID Boundaries. See “**THE CID – General**” for a map of the CID Boundaries, “**ADAMS DAIRY LANDING – The Developer; the Owners**” for a map of Adams Dairy Landing and “**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING**” for a description of the businesses operating within Adams Dairy Landing and the CID Boundaries.

## CID Special Assessments

*Special Assessment as a Lien on the Property.* The CID Act provides that a special assessment is a perpetual lien on the real property against which it is assessed. Upon issuance of the Bonds, counsel to the CID will deliver an opinion that (a) the CID Special Assessments have been validly imposed by the CID and are valid and enforceable pursuant to the CID Act and are in full force and effect and (b) the CID Special Assessments are a lien upon the real property within the CID which lien has the priority of a lien for special taxes or other special assessments of a governmental entity (“Special Taxes”) and that Missouri law provides that a lien for Special Taxes will be afforded priority over other liens on the property except for a lien for general real estate taxes or other tax liens. There is no statute or reported Missouri court decision related to the priority treatment of CID special assessments with other liens including other special assessments.

If an owner fails to pay a special assessment, any funds derived from the foreclosure of the lien will first have to satisfy any existing superior lien on the property. No assurances can be given that a foreclosure sale would generate revenues sufficient to satisfy all existing superior liens and the lien of the CID Special Assessments on any property within the CID boundaries. Furthermore, an owner may not be able to sell or refinance its property without first satisfying the CID Special Assessments lien.

*Delay in the Enforcement of Special Assessments.* The time required to enforce a lien on the real property against which a CID Special Assessment is made may affect the CID’s ability to generate sufficient funds to make timely debt service payments on the Bonds.

## **Forward-Looking Statements**

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “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, and reflect current expectations, hopes, intentions or strategies regarding the future. Such statements may be identifiable by the terminology used such as “project,” “plan,” “expect,” “estimate,” “budget,” “intend,” “anticipate” 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, INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (I) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (II) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (III) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, USERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.**

**UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE ON THE DATE HEREOF, AND THE CITY, THE DEVELOPER AND THE CID DO NOT ASSUME ANY OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION “SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT” IN APPENDIX B HERETO.**

## **No Mortgage of Adams Dairy Landing**

Payment of the principal of and interest on the Bonds is **not** secured by any deed of trust or mortgage on Adams Dairy Landing or any portion thereof or any other property within the Redevelopment Area or the CID Boundaries. The Bonds are payable solely from Bond proceeds and Revenues and all moneys and securities from time to time held by the Trustee under the terms of the Indenture and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, as provided in the Indenture.

## **Reliance on Creditworthiness of Developer, Tenants and Successor Owners**

Pursuant to the various leases at Adams Dairy Landing, it is anticipated that the tenants will pay their proportionate share of the CID Special Assessments although, ultimately, it is the obligation of the property owners to pay the CID Special Assessments. Owners of property located within the CID include the Developer and several other business entities. See “**THE CID – Ownership of Property Within CID Boundaries,**” “**HISTORICAL COLLECTIONS**” and “**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING – Occupants**” herein. No information is available relating to the financial ability of the Developer, the occupants, the tenants or other present or future owners of Adams Dairy Landing or future tenants at Adams Dairy Landing within the CID Boundaries to pay the CID Special Assessments. No representation is made herein by any party as to the ability of any owner to make those payments. See the caption “**BONDOWNERS’ RISKS – CID Special Assessments - Special Assessment as a Lien on the Property**” above for information on enforcement risks in the event an owner fails to pay.

**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. In addition, three affiliates of the Developer were delinquent in the payment of property taxes for the 2010 tax year and the 2011 tax year. In the case of the delinquency in the 2010 tax year, two affiliates of the Developer attributed the delinquent payment to property cash flow issues which were subsequently resolved. In the case of the delinquency in the 2011 tax year, the third affiliate of the Developer had operated under the assumption that a sale contract was pending and that the real estate taxes would be paid as part of the closing.

**The CID Special Assessments are levied against the property within the CID Boundaries at the rate of \$1.00 per square foot of building floor area. Approximately 73% of the square footage of building floor area within the CID Boundaries is located on real estate owned by the Developer or one of its affiliates. The availability of sufficient Revenues to pay the principal of and interest on the Series 2015 Bonds as described under “PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS” is largely dependent upon the payment by the Developer and its affiliates of their portion of the CID Special Assessments when due in each year.**

## **Destruction of Adams Dairy Landing**

In the event of the destruction of all or a portion of Adams Dairy Landing within the CID Boundaries, any destroyed buildings may no longer have any “building floor area” as a result of which no CID Special Assessments would be levied on such destroyed building. Even if the then-owners of Adams Dairy Landing within the CID Boundaries were to elect to rebuild, no CID Special Assessments would be levied until rebuilding was complete. Under such circumstances, there may be insufficient CID Special Assessments to repay the Series 2015 Bonds.

## **Absence of Judicial Interpretation of CID Act**

The CID Act was enacted by the Missouri General Assembly and became effective in 1998 and has been amended from time to time. Since its adoption, there have been no reported cases in the Missouri appellate courts regarding the CID Act. In addition, certain of the provisions of the CID Act relating to the CID Special Assessments differ from other Missouri constitutional and statutory provisions relating to the terms, imposition, administration and collection of specials assessments by other entities. Thus, there is no direct judicial determination with respect to the constitutionality and validity of the CID Act and no direct judicial precedent for interpreting its provisions including those relating to the CID Special Assessments.

Simultaneously with the issuance of the Series 2015 Bonds, the CID's counsel will render an opinion regarding (among other matters) the due organization of the CID and the enforceability of the CID Special Assessment and Bond Counsel will render an opinion regarding (among other matters) the enforceability of the Series 2015 Bonds and the validity of the Series 2015 Bonds.

### **Secondary Market**

There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. 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.

### **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 Series 2015 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.

### **Bond Reserve Fund**

There can be no assurance that the amounts on deposit in the Bond Reserve Fund will be available if needed for payment of the Bonds in the full amount of the Bond 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 to replenish the Bond Reserve Fund to the Bond Reserve Requirement.

### **Loss of Premium Upon Early Redemption**

Purchasers of Series 2015 Bonds at a price in excess of their principal amount should consider the fact that the Series 2015 Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See "**THE SERIES 2015 BONDS – Redemption Provisions**" and "**PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS**" herein.

### **Defeasance Risks**

When any or all of the Bonds or the interest payments thereon have been paid and discharged, then the requirements contained in the Indenture and the pledge of revenues made thereunder and all other rights granted thereby shall terminate with respect to the Bonds so paid and discharged. 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 to the effect that all conditions precedent to the satisfaction of the Indenture have been met. Any money and non-callable Government Securities that at any time shall be deposited with the Trustee by or on behalf of the City, for the purpose of paying and discharging any of the Bonds or the interest payments thereon, shall be assigned, transferred and set over to the Trustee in trust for the respective Owners of the Bonds, and such moneys shall be irrevocably appropriated to the payment and discharge thereof. Non-callable Government Securities include bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Indenture that Government Securities consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and a change or downgrade in the rating of Government Securities could affect the price of Bonds defeased with Government Securities.

**Additional Bonds**

The City may issue Additional Bonds upon satisfaction of certain conditions provided in the Indenture. See “**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Additional Bonds**” *herein*.

**Lack of Rating**

The Series 2015 Bonds have not received any credit rating by any recognized rating agency. The absence of any such rating could adversely affect the ability of holders to sell the Series 2015 Bonds or the price at which the Series 2015 Bonds can be sold.

**HISTORICAL COLLECTIONS**

Set forth below is a chart reflecting the historical collections of CID Special Assessments, not including any late fees.

36-500-03-58-00-0-00-000	M&I Marshall & Isley Bank <sup>1</sup>	\$ -	\$ -	\$ -	\$ -	\$ -
36-500-03-59-00-0-00-000	Blue Springs Partners, LP	35,735	35,735	53,723	53,723	53,723
36-500-04-50-00-0-00-000	Blue Springs Development Three, Inc. <sup>1</sup>	-	-	-	-	-
36-500-04-49-00-0-00-000	Blue Springs Partners, LP-	-	-	11,652	11,652	25,682
36-500-04-48-00-0-00-000	Blue Springs Partners, LP	-	-	15,616	15,616	26,222
36-500-04-47-00-0-00-000	Blue Springs Development Three, Inc. <sup>1</sup>	-	-	-	-	-
36-500-04-45-00-0-00-000	Kohl’s Department Store, Inc.	-	-	64,015	64,015	64,015
36-500-04-44-00-0-00-000	Blue Springs Partners, LP	47,500	47,500	81,461	81,461	81,461
36-500-04-46-00-0-00-000	Blue Springs Partners, LP <sup>1</sup>	-	-	-	-	-
36-500-04-39-00-0-00-000	RK Adams Dairy Landing LLC	6,250	6,250	6,250	6,250	6,250
36-500-04-40-00-0-00-000	Blue Springs Development Three, Inc. <sup>1</sup>	-	-	-	-	-
36-500-04-52-00-0-00-000	Blue Springs Development Three, Inc. <sup>1</sup>	-	-	-	-	-
36-500-04-51-00-0-00-000	Blue Springs Covenant Group, LLC	-	-	-	-	8,710
36-500-04-42-00-0-00-000	2014 USB Real Estate LLC	-	-	2,812	2,812	2,812
36-500-04-43-00-0-00-000	Halle Properties, Inc. <sup>1</sup>	-	-	-	-	-
36-500-03-63-00-0-00-000	Blue Springs Investments, LLC	-	-	-	7,000	7,000

36-500-03-62-00-0-00-000	GMRI Inc.	7,441	7,441	7,441	7,441	7,441
36-500-03-65-00-0-00-000	Garden City Limited Partnership, Susan Fine, LSAS & D Irrevocable Trust	-	3,200	3,200	3,200	3,200
36-500-03-64-00-0-00-000	Chick-fil-A, Inc.	-	4,277	4,277	4,277	4,277
36-500-04-33-00-0-00-000	Blue Springs Partners, LP	-	-	92,822	92,822	92,822
36-500-04-38-00-0-00-000	Meiners Market of Blue Springs MO LLC <sup>2</sup>	-	-	-	-	-
<b>Total CID Collections</b>		<b>\$96,926</b>	<b>\$104,403</b>	<b>\$343,269</b>	<b>\$350,269</b>	<b>\$383,615</b>

<sup>1</sup> No building is currently constructed on the tax parcel.

<sup>2</sup> It is not contemplated that any building will be constructed on this tax parcel which is adjacent to the tax parcel on which the Meiners Market is located.

## PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS

### Introduction

The following discussion describes the assumptions (the “Structuring Assumptions”) used to calculate the projected average life of the Series 2015 Bonds pursuant to the special mandatory redemption provisions under the various scenarios described below. Potential investors are cautioned that the information in this section of the Official Statement represents “forward-looking statements” as described under the heading “**BONDOWNERS’ RISKS – Forward-Looking Statements.**”

### Revenue Study

The Revenue Study includes a projection of the total revenues anticipated to be received by the City from the sources described in the Revenue Study but it does not take into account the provisions of the Indenture which allow for certain fees and expenses to be retained from the Revenues. None of the City, the CID, the Developer, the Financial Advisor or the Underwriter make any 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.

### Structuring Assumptions

*Case I* assumes that revenues will be received in accordance with the projections set forth in the table on page 35 of the Revenue Study attached as **Appendix A**. *Case II* assumes that 87% of the projected revenues set forth in the table on page 35 of the Revenue Study attached as **Appendix A** will actually be received. Both cases assume no investment earnings on the moneys on deposit in the Revenue Fund and Bond Reserve Fund. Certain lags between CID Special Assessments paid and actually collected by the Trustee and available for debt service have been assumed. Both cases assume that the City will retain 1.0% of the CID Special Assessments as a collection fee and CID Operating Expenses of \$10,000 per year, and that the Revenues will be applied pursuant to the Indenture.

### Projected Average Life of the Series 2015 Bonds

The following tables were prepared by the Underwriter based on the Structuring Assumptions as described above. The tables show projected redemptions as a result of Revenues (based upon the assumptions above) applied as provided in the Indenture. THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE. NO GUARANTEE OR ASSURANCES MAY BE MADE THAT SUCH PROJECTIONS WILL CORRESPOND WITH THE RESULTS ACHIEVED IN THE FUTURE.



<u>As of</u>	<u>Case I</u>		<u>Case II</u>	
	<u>Special Mandatory Redemption</u>	<u>Cumulative Redemption</u>	<u>Special Mandatory Redemption</u>	<u>Cumulative Redemption</u>
01-Dec-15	-	-	-	-
01-Jun-16	\$ 80,000	\$ 80,000	\$ 30,000	\$ 30,000
01-Dec-16	-	80,000	-	30,000
01-Jun-17	90,000	170,000	40,000	70,000
01-Dec-17	-	170,000	-	70,000
01-Jun-18	100,000	270,000	40,000	110,000
01-Dec-18	-	270,000	-	110,000
01-Jun-19	105,000	375,000	40,000	150,000
01-Dec-19	-	375,000	-	150,000
01-Jun-20	115,000	490,000	50,000	200,000
01-Dec-20	-	490,000	-	200,000
01-Jun-21	120,000	610,000	50,000	250,000
01-Dec-21	-	610,000	-	250,000
01-Jun-22	130,000	740,000	50,000	300,000
01-Dec-22	-	740,000	-	300,000
01-Jun-23	140,000	880,000	60,000	360,000
01-Dec-23	-	880,000	-	360,000
01-Jun-24	150,000	1,030,000	60,000	420,000
01-Dec-24	-	1,030,000	-	420,000
01-Jun-25	165,000	1,195,000	65,000	485,000
01-Dec-25	-	1,195,000	-	485,000
01-Jun-26	175,000	1,370,000	75,000	560,000
01-Dec-26	-	1,370,000	-	560,000
01-Jun-27	185,000	1,555,000	75,000	635,000
01-Dec-27	-	1,555,000	-	635,000
01-Jun-28	200,000	1,755,000	80,000	715,000
01-Dec-28	-	1,755,000	-	715,000
01-Jun-29	215,000	1,970,000	90,000	805,000
01-Dec-29	-	1,970,000	-	805,000
01-Jun-30	230,000	2,200,000	95,000	900,000
01-Dec-30	-	2,200,000	-	900,000
01-Jun-31	250,000	2,450,000	100,000	1,000,000
01-Dec-31	-	2,450,000	-	1,000,000
01-Jun-32	265,000	2,715,000	110,000	1,110,000
01-Dec-32	-	2,715,000	-	1,110,000
01-Jun-33	285,000	3,000,000	115,000	1,225,000
01-Dec-33	-	3,000,000	-	1,225,000
01-Jun-34	305,000	3,305,000	125,000	1,350,000
01-Dec-34	-	3,305,000	-	1,350,000
01-Jun-35	605,000 <sup>1</sup>	3,910,000	135,000	1,485,000
01-Dec-35	-		-	1,485,000
01-Jun-36			145,000	1,630,000
01-Dec-36			-	1,630,000
01-Jun-37			155,000	1,785,000
01-Dec-37			-	1,785,000
01-Jun-38			165,000	1,950,000
01-Dec-38			-	1,950,000
01-Jun-39			180,000	2,130,000
01-Dec-39			-	2,130,000
01-Jun-40			195,000	2,325,000
01-Dec-40			-	2,325,000
01-Jun-41			205,000	2,530,000
01-Dec-41			-	2,530,000
01-Jun-42			220,000	2,750,000
01-Dec-42			-	2,750,000
01-Jun-43			240,000	2,990,000
01-Dec-43			-	2,990,000
01-Jun-44			255,000	3,245,000
01-Dec-44			-	3,245,000
01-Jun-45			665,000 <sup>1</sup>	3,910,000

**Average Life:**

**13.096 years**

**21. 220 years**

<sup>1</sup> Reflects application of the Bond Reserve Fund

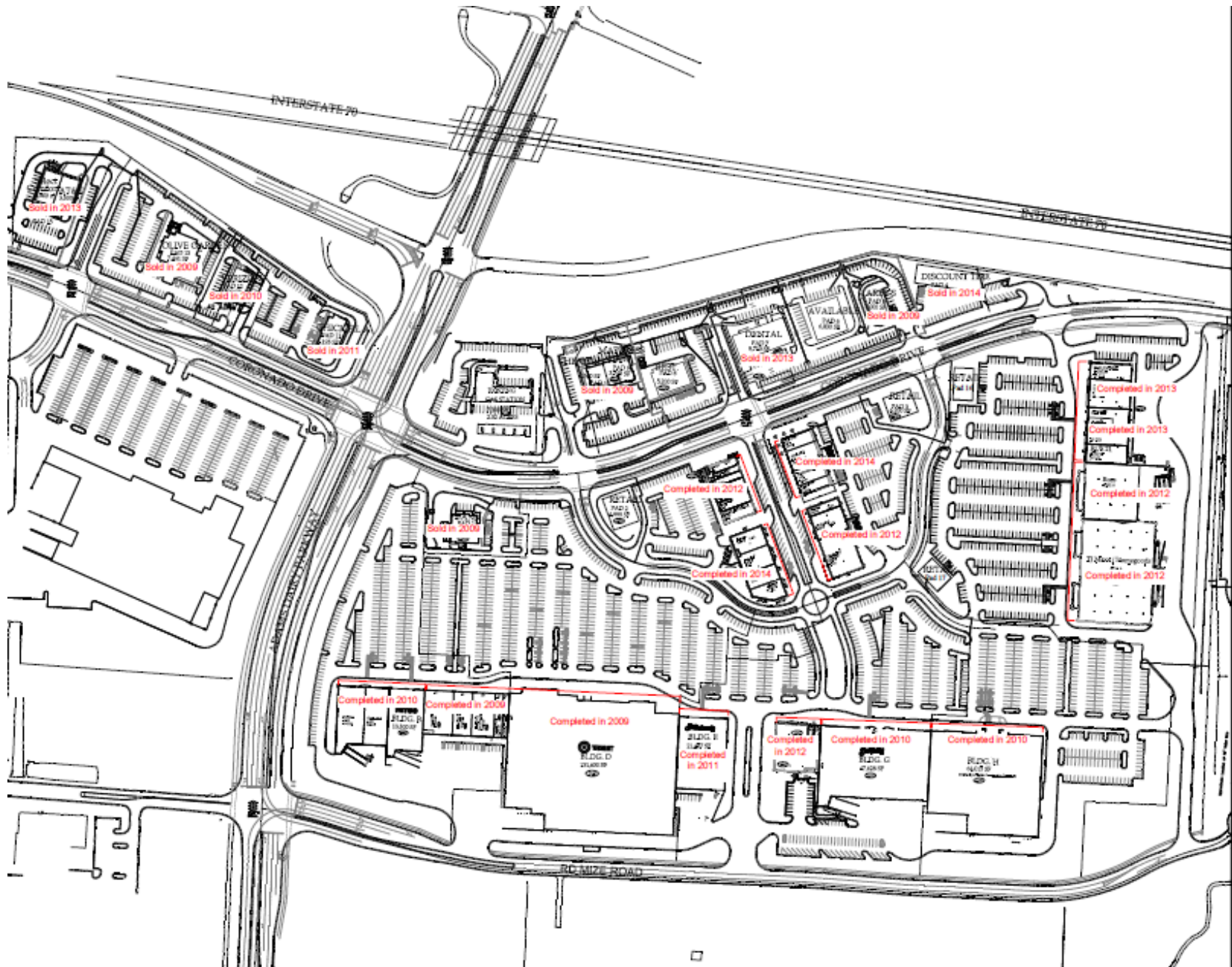
## ADAMS DAIRY LANDING

### 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 July 31, 2009, the City and the Developer entered into an Amended and Restated Tax Increment Financing Contract. On March 25, 2010, the City and the Developer amended such contract through the execution of a First Amendment to the Amended and Restated Tax Increment Financing Contract. In connection with the issuance of the Series 2015 Bonds, the City and the Developer will further amend such contract through the execution of a Second Amended and Restated Tax Increment Financing Contract (the “Redevelopment Agreement”). Adams Dairy Landing consists of approximately 557,054 square feet of retail space with parking for approximately 2,993 cars. See the caption “**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING**” below. The following shows the completion dates of the various phases of Adams Dairy Landing:

*[remainder of page intentionally left blank]*



## The Developer; the Owners

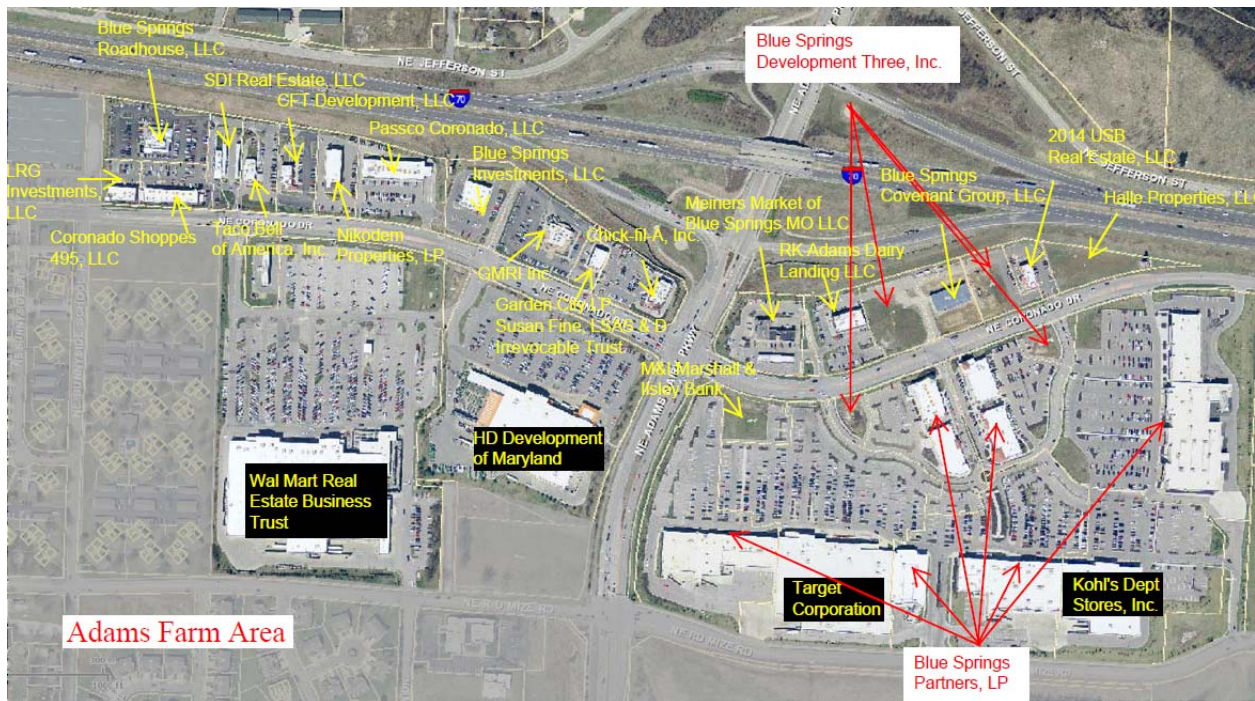
### *Developer*

The developer of Adams Dairy Landing was Blue Springs Development Three, Inc., a Missouri corporation (the “Developer”) and an entity related to RED Development, Inc., Kansas City, Missouri, and Block and Company, Inc., Kansas City, Missouri. The current members of the Board of Directors are Michael L. Ebert, Scott Rehorn, Steven M. Maun, , Kelly Gottschalk, Joshua Mond and Summer Loveland; the officers of the Developer are as follows:

<u>Name</u>	<u>Office</u>
Steven M. Maun	President and Secretary
Michael L. Ebert	Vice-President
Scott Rehorn	Vice-President
Jeff McMahon	Vice-President
Nathan Studtmann	Treasurer

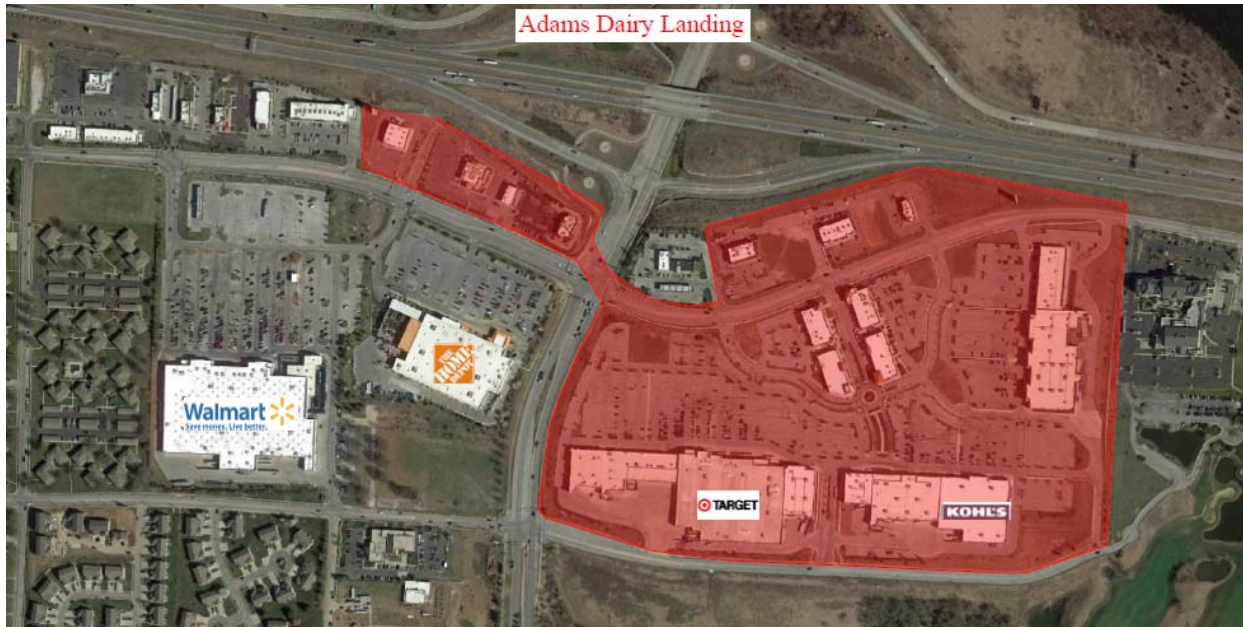
### *Owners*

In 2013, the Developer deeded a portion of Adams Dairy Landing (all of the main portion of Adams Dairy Landing **exclusive** of pad sites) to Blue Springs Partners, LP, a Delaware limited Partnership, an entity related to the Developer. In addition, various other parcels have been sold by the Developer to third parties. See “**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING**” herein. The following depicts ownership of property within the larger Adams Farm Area, including Adams Dairy Landing:





The following shows the areas (highlighted in red) constituting Adams Dairy Landing:



### **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 now located. The assessment revealed no recognized environmental conditions, no historical recognized environmental conditions and no de minimis conditions associated with the property.

IVI Assessment Services, Inc., Chicago, Illinois, prepared a Phase I Environmental Site Assessment dated November 12, 2014. The assessment found no evidence of recognized environmental conditions, historical recognized environmental conditions, non-ASTM International scope concerns or de minimis conditions associated with the property and concluded that no further investigation is recommended.

### **The Manager**

RED Property Management, LLC, an Arizona limited liability company, as assignee of RED Development, LLC, entities both related to the Developer, serves as the manager for Adams Dairy Landing.

RED Property Management, LLC has a portfolio of 31 retail, commercial and mixed-used properties, totaling more than 16 million square feet across 9 states. Properties being managed include the following:

<u>Name</u>	<u>Size</u> (Approx. Sq. Ft.)	<u>Location</u>
CityScape	1,200,000	Phoenix, Arizona
Village Pointe	601,000	Omaha, Nebraska
SummitWoods Crossing	794,000	Lee's Summit, Missouri
Shadow Lake	816,533	Papillion, Nebraska
Camelback Colonnade	618,000	Phoenix, Arizona

### **Operation and Easement Agreement**

Portions of Adams Dairy Landing (generally the southeast quadrant of Adams Dairy Parkway and Coronado Drive) are subject to an Operation and Easement Agreement recorded on October 6, 2008 in the Office of the Recorder of Deeds for Jackson County, Missouri as Document 2008E0106069 and thereafter supplemented by that certain Supplement to the Operation and Easement Agreement recorded on October 17, 2008 as Document 2008E0110079 and as may be further supplemented (the "OEA"). 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, Kohl's and the Developer are the Approving Parties with regard to the OEA; the Developer subsequently assigned its interest to Blue Springs Partners, LP.

### **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) are 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 recorded on October 17, 2008 as Document 2008E0110080 and as may be further supplemented (the "ECR"). 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 assigned its rights to Blue Springs Partners, LP which has approval rights over all portions of the encumbered property, while Target and Kohl's have only certain limited approval rights over the encumbered property, as more particularly described in the ECR.

### **Declaration Regarding Adam's Dairy Landing Community Improvement District**

The Developer recorded a Declaration Regarding Adam's Dairy Landing Community Improvement District against the real estate within the CID. Pursuant to this Declaration, the Developer provides record notice to all fee simple owner(s) of all or any part of the property within the CID that the CID has agreed to levy a special assessment in an annual amount equal to \$1.00 per square foot of building floor area. Each such fee simple owner is directed to pay, on or before the due date, all special assessments levied by the CID against such

fee simple owner's property; payment is directed to be made by the Director of the Jackson County, Missouri Collections Department, or his or her designee.

### **Competition**

The Developer has identified the Independence Center Mall/39<sup>th</sup> Street corridor in Independence, Missouri and the Summit Woods Crossing/Summit Fair projects in Lee's Summit, Missouri as the primary competitors of Adams Dairy Landing and the Adams Farm Area. The Summit Woods Crossing/Summit Fair projects were developed and are owned by affiliates of the Developer. The Developer provided the following "Kansas City Shopping Center Map."

*[remainder of page intentionally left blank]*

### RED Development Projects

The Legends at Village West... 1.4 million sf  
 JCPenney  
 TJ Maxx  
 Legende 18 Theater  
 Brooks & Miller  
 New Factory Store  
 Dora & Bakers  
 Fry's Super  
 Safeway and Bank Community Club  
 - Day Cafe  
**Cost: \$100,000,000**  
 Costco & Dorr's  
 Apple  
 2 Starbucks  
 Suburban  
 Home  
**Summit Woods Creekside - 120,000 sf**  
 Super Target  
 Lowe's  
 Kwik  
 Best, Bath & Beyond  
 Dunkin' Donuts  
**Summit Fair - 100,000 sf**  
 Macy's  
 JCPenney  
 DSW  
 Container Store  
 Beauty Brands  
**Adams Dairy - 600,000 sf**  
 JCPenney  
 Lowe's  
 Kohl's  
 CarMax  
 Maroon  
**Ward Parkway - 120,000 sf**  
 JCPenney  
 JCPenney 11 Theaters  
 DSW  
 Dunkin' Donuts  
 TJ Maxx  
 24 Hour Fitness  
**Summit Plaza - 220,000 sf (including Summit 2111)**

### Major Shopping Centers

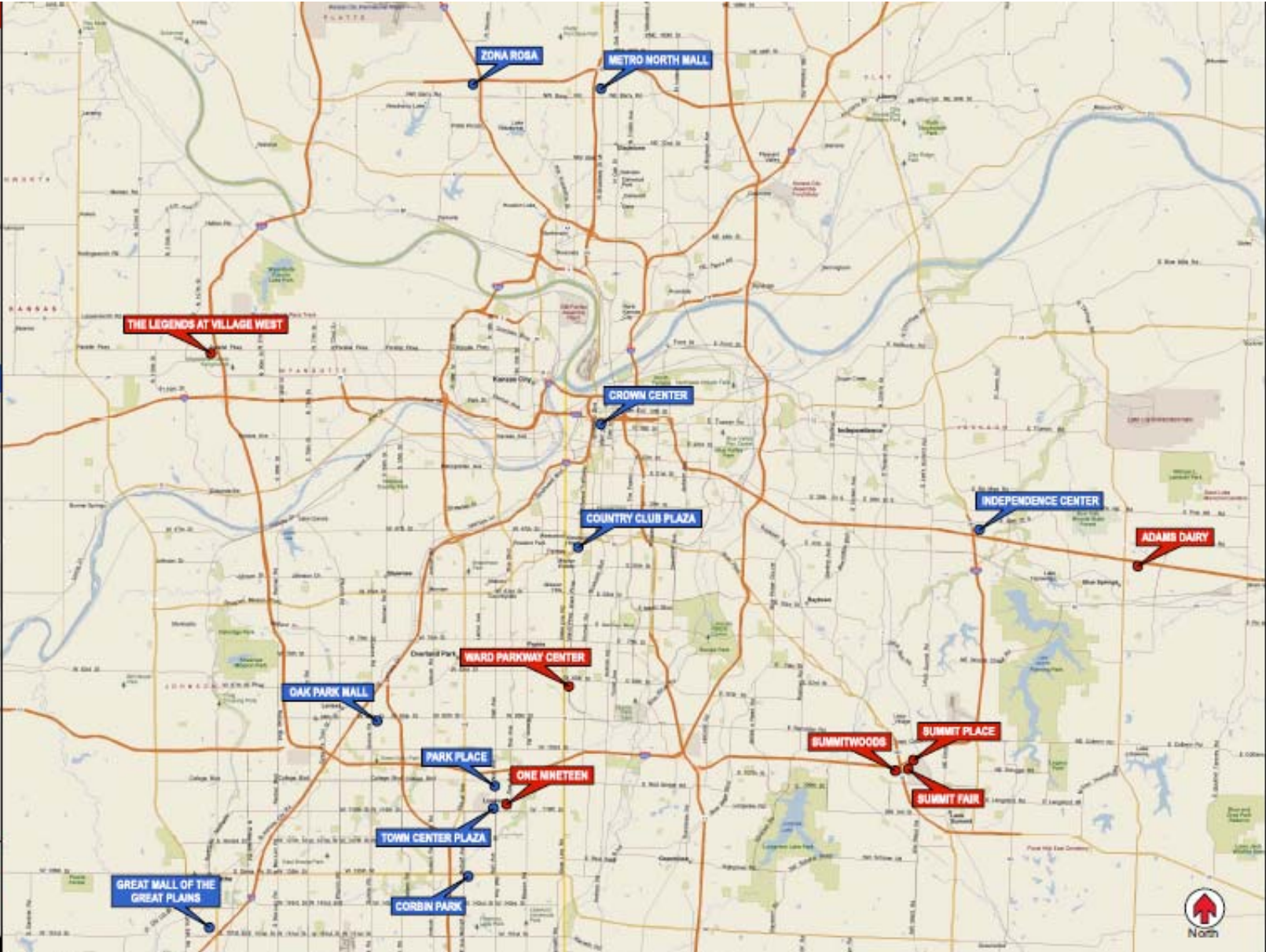
**Zona Rosa - 200,000 sf**  
 DSW  
 DSW Sporting Goods  
 Maxima Magazines  
 Barnes & Noble  
**Main North Mall - 1,101,200 sf**  
 Macy's  
 Bath & Body Works  
 Lens Crafters  
 Olive Garden  
 Red Lobster  
**Country Club Plaza - 300,000 sf**  
 Home  
 Specialty shops and restaurants  
 Country Club Plaza - 300,000 sf  
 1900  
 Barnes & Noble  
 Williams-Sonoma  
 Crossmark Theaters  
 J. Crew  
 Tiffany & Co.  
 Apple  
 Tommy Hilf  
**Independence Center - 1,411,000 sf**  
 DSW  
 Macy's  
 Sears  
 HomeGoods & Pottery  
 J. Jill  
 Old Navy  
 Victoria's Secret  
**Oak Park Mall - 1,200,000 sf**  
 JCPenney  
 Barnes & Noble  
 Pottery Barn  
 Specialty shops & restaurants  
**Summit Woods - 600,000 sf**  
 Macy's  
 DSW Sporting Goods  
 JCPenney  
 Home Fitness  
**Summit Place - 875,000 sf**  
 Dickerson Theaters  
 Burlington Coat Factory  
 Jockey  
 DSW  
 VF Hockey Outlet

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**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING**

The following is a summary of all businesses occupying Adams Dairy Landing, whether pursuant to a lease or ownership of property within Adams Dairy Landing. All tenants described under the subheading “Leases” are located within the CID Boundaries and all property described under the subheading “Occupants” is located within the CID Boundaries, with the exception of the Target store, as noted under the subheading “Occupants” and depicted on the map of the CID Boundaries under the heading “THE CID – General.”

**Leases**

The lease summaries shown below are not intended to be complete summaries of all potentially material terms of such documents. The leases provide that the tenants shall pay a share of real estate taxes and assessments levied against Adams Dairy Landing 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). 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 landlord.

<b>Leases</b>				
<u>Tenant</u>	<u>Actual/Anticipated Opening Date</u>	<u>Approximate Term</u>	<u>Approximate Gross Square Footage</u>	<u>Permitted Use</u>
Boot Barn, Inc. d/b/a Boot Barn	June 4, 2014	10 years with 2 five-year renewal terms	10,000	The retail sale and display of family western wear and/or work wear
The CATO Corporation d//a CATO	October 1, 2012	5 years with 1 five-year renewal term	4,500	Retail sale of ladies’ and girls’ apparel and the incidental sale of accessories and allied lines
Charming Charlie Inc. d/b/a Charming Charlie	May 23, 2012	5 years with 3 five-year renewal terms	8,007	Retail sale of any of the following types of merchandise and/or services: women’s (and at tenant’s election, girls’) accessories, handbags and jewelry and incidental sales of specified items
Ritz Nails LLC d/b/a Chic Nails & Spa	March 13, 2012	5 years with 1 five-year renewal term	1,696	Retail nail salon which includes manicures, pedicures, wax paraffin treatments, waxing and facials and incidental sale of nail polish or related products

Claire's Boutiques, Inc. d/b/a Claire's	October 26, 2012	5 years with 1 five-year renewal term	1,200	Retail sale of such items as are normally sold in prototype Claire's stores
The Dress Barn, Inc. d/b/a/ Dress Barn	October 12, 2012	5 years with 3 five-year renewal terms	7,000	Retail sale and display of women's apparel and shoes and incidental sale of specified items
Brown Group Retail, Inc. d/b/a Famous Footwear	March 10, 2010	5 years with 2 five-year renewal terms <sup>1</sup>	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
Five Below, Inc. d/b/a Five Below	May 14, 2015	10 years with 2 five-year renewal terms	8,359	Retail sale of teen and pre-teen oriented merchandise
BSFGB, LLC d/b/a Five Guys Burgers	April 2, 2014	5 years with 1 five-year renewal term	2,560	Operation of a fast-casual restaurant primarily selling burgers
GameStop, Inc. d/b/a GameStop	November 23, 2009	5 years with 1 five-year renewal term <sup>2</sup>	2,153	Retail sale of video games, video game related hardware and accessories, pre-owned video game hardware and software, entertainment related books, magazines, other periodicals and related supplies, peripherals, accessories and gift items plus other related items customarily sold by entertainment software-video stores
The Gap, Inc. d/b/a Gap	November 20, 2009	5 years with 2 five-year renewal terms <sup>3</sup>	7,500	Any lawful retail purpose, subject to the exclusive use and use restrictions set forth in the lease

<sup>1</sup> Currently in the first renewal term which ends on March 31, 2020.

<sup>2</sup> Pursuant to a First Amendment to Lease Agreement, the lease term was extended an additional 5 years commencing February 1, 2015 with 1 five-year renewal term.

<sup>3</sup> Currently in the first renewal term which ends on November 20, 2019.

General Nutrition Corporation d/b/a GNC	January 16, 2012	5 years with 2 five-year renewal terms	1,393	Retail sale of vitamins, mineral supplements, herbal supplements, weight gain products, diet and weight loss products and sports nutrition products and such related products as are sold from time to time in GNC, GNC Live Well or General Nutrition Center stores
Gordmans, Inc. d/b/a Gordmans	May 4, 2010	10 years with 4 five-year renewal terms	47,500	Subject to the provisions of the ECR, and the prohibited uses and existing exclusives (as set forth in the Lease), for the retail sale of merchandise consistent with the operation of a department store having several departments and related products and services
Hallmark Retail, LLC d/b/a Hallmark	September 27, 2012	5 years with 2 five-year renewal terms	4,000	Operation of a licensed Hallmark card shop which does business under a trade name that includes the "Hallmark" name and which features and promotes primarily Hallmark brand products
Heartland Dental Care, Inc.	August 25, 2011	10 years with 1 five-year renewal term	2,447	A general dentistry office
M.L. Blue Springs, LLC d/b/a Massage Luxe	March 16, 2015	5 years with 2 five-year renewal terms	3,076	Operation of a Massage Luxe massage studio
Maurices Incorporated d/b/a Maurice's	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 merchandise sold in a majority of the tenant's other locations operated under the trade name "Maurices"

Michaels Stores, Inc. d/b/a Michaels	February 4, 2011	10 years with 4 five-year renewal terms	21,390	For the operation of a typical Michaels store
Blue Springs PepperJax, LLC d/b/a PepperJax	April 3, 2015	5 years with 2 five-year renewal terms	2,568	Operation of a restaurant and operated in a manner substantially similar to the food and beverages served in and the manner of operation of other restaurants operating under the trade name "PepperJax"
Payless ShoeSource, Inc. d/b/a Payless Shoes	November 1, 2015	10 years	6,755	Retail shoe store and for incidental purposes related to shoe sales
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
Ross Dress for Less, Inc. d/b/a/ Ross Dress for Less	September 5, 2012	10 years with 4 five-year renewal terms	22,000	Principally for the sale of "off-Price" merchandise and such other items as are sold in tenant's similarly merchandised stores
rue21, inc. d/b/a rue21	October 18, 2012	5 years with 2 five-year renewal terms	4,500	Retail sale of women's, men's and children's apparel, footwear, accessories of any kind, jewelry, fragrances, cosmetics and novelty items
Sally Beauty Supply LLC d/b/a Sally Beauty Supply	November 19, 2009	5 years with 1 five-year renewal term <sup>1</sup>	1,620	Sale of beauty supplies
Subway Real Estate LLC d/b/a Subway	June 28, 2012	5 years with 2 five-year renewal terms	1,631	Operation of a fast food restaurant, selling items typically sold at Subway stores in the greater Kansas City, Missouri metropolitan area

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<sup>1</sup> Currently in the renewal term which ends in November 2019

Supercuts, Inc. d/b/a Supercuts	April 9, 2014	5 years with 2 five-year renewal terms	1,153	Operating of a hair salon, performing services and selling merchandise customarily sold in such hair salons
The TJX Companies, Inc. d/b/a TJ Maxx/Homegoods	May 6, 2012	10 years with 4 five-year renewal terms	46,000	Any retail use
Ulta Salon, Cosmetics & Fragrances, Inc. d/b/a/ Ulta Salon	February 12, 2012	10 years with 3 five-year renewal terms	10,040	Retail sale of cosmetics, fragrances, health and beauty products, hair care products and accessories, personal care appliances, skin care and body care products and the operation of a full service beauty salon with spa services or any other lawful retail purpose
K & P Enny, LLC d/b/a Yogurtini	November 11, 2011	5 years with 1 five-year renewal term	1,991	Retail sale of Yogurtini food and beverage items pursuant to the tenant's then current menu, as the same may evolve

## Occupants

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. The Developer subsequently repurchased such real estate and all agreements with Lowe's relating thereto were terminated.

Pursuant to a Purchase Agreement 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 and currently operates an approximately 131,000 square foot Target store. **Target is not located within the CID.**

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. Construction has **not** yet begun.

Pursuant to a Real Estate Contract dated December 17, 2008, as amended, the Developer sold an outparcel within Adams Dairy Landing, containing approximately 30,054 square feet, to United States Beef Corporation. United States Beef Corporation constructed and operates an approximately 2,800 square foot Arby's restaurant, with a drive-through window. United States Beef Corporation subsequently sold the outparcel to 2014 USB Real Estate, LLC.

Pursuant to an Agreement of Sale dated February 9, 2009, as amended, the Developer sold an outparcel containing approximately 1.45 acres of land to Legend Development Group Adams Dairy, LLC who constructed an approximately 6,400 square foot multi-tenant retail building containing a Chipotle restaurant and a Mattress Firm store, which are currently in operation. Legend Development Group Adams Dairy, LLC subsequently transferred such outparcel to RK Adams Dairy Landing, LLC.

Pursuant to an Agreement of Sale dated March 25, 2009, GMRI, Inc. agreed to acquire an approximately 1.97 acre outparcel. GMRI, Inc. constructed and operates an Olive Garden restaurant, containing approximately 7,400 square feet.

The Developer has sold, pursuant to a Purchase and Sale Agreement dated January 19, 2010 with Kohl's Department Stores, Inc. ("Kohl's"), approximately 6.75 acres of land. Kohl's has constructed and operates a retail store containing approximately 64,000 square feet, together with parking and other related facilities.

In 2010, the Developer sold an outparcel to Pendulum Investment Partners, LLC which has constructed an approximately 3,200 square foot Verizon store. Pendulum Investment Partners, LLC subsequently conveyed the outparcel to Garden City Limited Partnership, Susan Fine and LSAS & D Irrevocable Trust.

In 2011, Chick-fil-A, Inc. acquired an outparcel within Adams Dairy Landing and has constructed and operates an approximately 4,195 square foot Chick-fil-A restaurant with a drive-through window.

In 2013, the Developer sold an outparcel to Coronado Associates, LLC which constructed a building containing an AT&T store and a Select Comfort store. Coronado Associates, LLC subsequently sold such outparcel to Blue Springs Investments, LLC.

In 2013, the Developer sold an outparcel to Blue Springs Covenant Group, LLC which has constructed an approximately 8,710 square foot multi-tenant dental and retail/commercial building.

In 2014, the Developer sold an outparcel to Halle Properties, L.L.C. which plans to construct a Discount Tire store containing approximately 7,840 square feet.

## **THE CID**

### **General**

The CID is a community improvement district and a political subdivision of the State of Missouri, formed pursuant to the CID Act. The CID contains approximately 66.1 acres. The following map shows the approximate boundaries of the CID (the "CID Boundaries"):

*[remainder of page intentionally left blank]*



The CID is governed by a five-member Board of Directors. Members of the Board of Directors serve a term of four years. At the end of each term, new directors are elected at large in accordance with Section 67.1451 of the CID Act. Each director serves without compensation. The current directors and officers of the CID are as follows:

<u>Name</u>	<u>Office</u>	<u>Term as Director Expires</u>	<u>Principal Employment</u>
Eric Mann	Chairman, District Manager and Director	July 20, 2016	RED Development
Cynthia Watkins	Vice Chairman, Treasurer and Director	July 20, 2016	RED Development
Heather Beem	Director	July 20, 2018	RED Development
Jeremy Hatfield	Director	July 20, 2018	RED Development
Tonya Miller	Secretary and Director	July 20, 2016	RED Development

### **CID Special Assessments**

The CID Special Assessments are levied against each building that is located within the CID Boundaries. The levy rate of the CID Special Assessments is \$1.00 per square foot of building area. The CID Special Assessments pledged to the payment of the Series 2015 Bonds are the proceeds of the Special Assessments received by the City on or after the Bond Issuance Date of the Series 2015 Bonds.

The CID Special Assessments are collected by the Jackson County Collector with the annual tax bills and the proceeds are remitted to the City. The CID Special Assessments will not expire until the earlier of the termination of the CID or fifty (50) years from the date of the CID's creation (July 21, 2008).

## Ownership of Property Within CID Boundaries

<u>Owner</u>	<u>Occupants</u>	<u>Total Building Square Footage</u>	<u>Percentage of Total</u>
Developer and Affiliated Entities	Boot Barn / CATO / Charming Charlie / Chic Nails & Spa / Claire's / Dress Barn / Famous Footwear / Five Below / Five Guys Burgers / GameStop / Gap / GNC / Gordmans / Hallmark / Heartland Dental / Massage Luxe / Maurice's / Michaels / PepperJax / Petco Supplies & Fish / Ross Dress for Less / rue21 / Sally Beauty Supply / Subway / Supercuts / TJ Maxx/Homegoods / Ulta Salon / Yogurtini	279,910	73.0%
Kohl's Department Store, Inc.	Kohl's	64,015	16.7
Blue Springs Covenant Group, LLC	Dentist Office / Jersey Mike's / Care Spot	8,710	2.3
GMRI Inc.	Olive Garden	7,441	1.9
Blue Springs Investments, LLC	AT&T Mobility / Sleep Number (Select Comfort)	7,000	1.8
RK Adams Dairy Landing, LLC	Chipotle / Mattress Firm	6,250	1.6
Chick-fil-A, Inc.	Chick-fil-A	4,277	1.1
Garden City Limited Partnership, Susan Fine, LSAS & D Irrevocable Trust	Verizon Wireless	3,200	0.8
2014 USB Real Estate, LLC	Arby's	<u>2,812</u>	<u>0.7</u>
<b>Total</b>		<b>383,615</b>	<b>100%</b>

## Financing Agreement

The CID has entered into the Financing Agreement among the CID, the City and the Developer. Pursuant to the Financing Agreement, the CID shall direct the Collector to transfer all CID Special Assessments to the City for deposit in the Special Allocation Fund – CID Special Assessment Account pursuant to the Cooperative Agreement for application in accordance with the provisions of the Indenture and the Financing Agreement. The CID Special Assessments shall be billed, collected and distributed by the Collector to the City. The CID shall transfer any CID Special Assessments received directly by the CID to the



City as soon as practicable (but not later than three (3) Business Days) after receipt thereof. In no event shall the CID or the Collector be required to transfer to the City any CID Special Assessment paid under protest until the protest is withdrawn or resolved against the taxpayer, or any CID Special Assessment received by the CID or the Collector that is the subject of a suit or other claim communicated to the CID, which suit or claim challenges the collection of such CID Special Assessment.

## THE PROJECT

The Project consists of the construction of certain improvements within the CID Boundaries, including but not limited to the following:

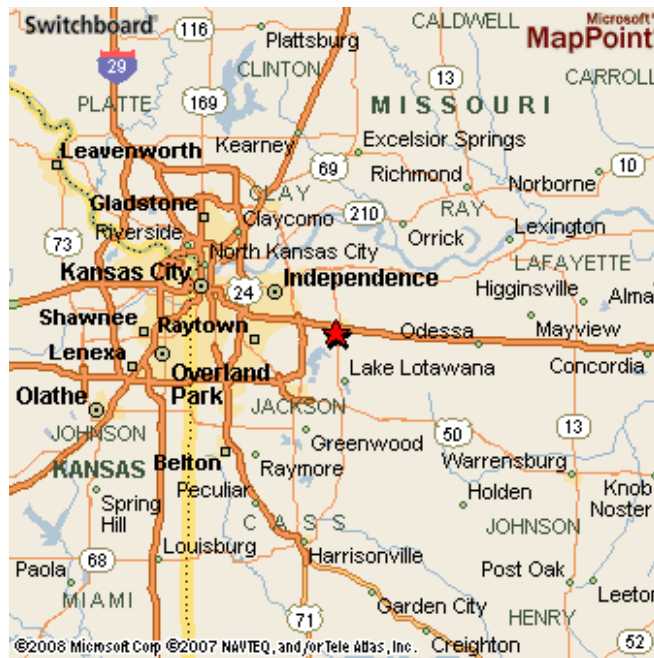
1. Site work, grading, streetscape, site lighting, landscape and hardscape improvements;
2. Drainage, water, storm and sewer systems;
3. Utilities and utility relocation;
4. Water and fire main installation; and
5. Sidewalks, streets, traffic signals, signage, parking lots and other site improvements.

## THE CITY

*The Bonds are not a general obligation of the City and are payable solely from the revenues described herein. The following information regarding the City is provided as general background information only.*

### General

Situated near the center of Jackson County approximately 19 miles southwest of downtown Kansas City, Missouri, the City encompasses approximately 22.26 square miles located along U.S. Highway 70 and bordered on the north and west by Kansas City, Missouri. The City's estimated population in 2013 was 53,294. The location of the City is designated by the red star on the map below.



The City was originally incorporated in 1880 and became a fourth-class city in 1904. Citizens of the City voted to make the City a home rule charter city in 1994. It is a home rule charter city and political subdivision organized and existing under the constitution and laws of the State of Missouri. The City is governed by a Mayor/City Council/City Administrator form of government and exercises powers of municipal government specifically granted by the State of Missouri. The City Council is composed of six members, two elected from each of the City’s three geographic districts, to serve staggered three-year terms without restriction as to reelection. The Mayor is elected at-large for a four-year term. The City Council is responsible for all policy and legislative decisions. It passes ordinances, adopts the budget, appoints committees and hires the City Administrator.

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

The current members of the City’s Mayor and City Council are:

<u>Name</u>	<u>Office</u>	<u>First Elected</u>	<u>Year Current Term Expires</u>
Carson Ross	Mayor	2008	2016
Dale Carter	Councilman District 1	2010	2016
Jeff Quibell	Councilman District 1	2011	2017
Kent Edmondson	Councilman District 2	2008	2017
Chris Lievsay	Councilman District 2	2011	2016
Susan Culpepper	Councilwoman District 3 and Mayor Pro Tem	2013	2016
Ronald Fowler	Councilman District 3	1992	2017

The Mayor and City Council appoint a City Administrator, who acts as the chief administrative officer of the City. The current City Administrator is Eric Johnson, who has held that position since 2006. Prior to that time, he served as the Assistant City Administrator for approximately 6.5 years. The City budget, prepared by the City Administrator and Assistant City Administrator, is reviewed and adopted by the City Council. 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.

Adam Norris is the Deputy City Administrator and Christine Cates is the Assistant City Administrator. Karen Van Winkle is the Director of Finance.

*[remainder of page intentionally left blank]*

## General Demographic Statistics

The following table sets forth general demographic statistics for the City:

<u>Year</u>	<u>Estimated Population</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2014	53,294	\$28,908	35.60	14,524	5.60%
2013	53,014	28,457	33.10	14,586	6.30
2012	52,749	28,502	34.70	14,447	5.20
2011	52,575	28,996	34.80	14,174	7.80
2010	55,817	27,440	35.50	14,162	7.60

Source: City's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.

## Major Employers

Listed below are the major employers located in the City and the number employed by each:

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Blue Springs School District	Education	1,998
St. Mary's Hospital of Blue Springs	Healthcare	545
Fike Corporation	Manufacturer of safety solutions	460
Hy-Vee	Grocery retail	460
Wal-Mart Stores, Inc.	Discount retail	355
Price Chopper	Grocery retail	335
City	Municipal government	289
Home Depot	Hardware retail	147
Target	Discount retail	135
Texas Roadhouse	Restaurant	130

Source: Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.

## 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 2015 Bonds, or the constitutionality or validity of the Series 2015 Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof.

There is no controversy, suit or other proceeding of any kind pending or, to the knowledge of the CID, threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of CID or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in connection with the imposition of the Special Assessments, or any of the proceedings had in relation to the authorization thereof.

## FINANCIAL ADVISOR

Piper Jaffray & Co. (the “Financial Advisor”) has acted as Financial Advisor to the City in connection with the sale of the Series 2015 Bonds. The Financial Advisor has assisted the City in matters relating to the planning, structuring and issuance of the Series 2015 Bonds and various other debt related matters. The Financial Advisor will not be a manager or a member of any purchasing group submitting a proposal for the purchase of the Series 2015 Bonds.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2015 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 Series 2015 Bonds. 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, Nancy K. Yendes, Esq., Blue Springs, Missouri, City Attorney. Certain legal matters will be passed upon for the CID by Lewis Rice LLC, Kansas City, Missouri. Certain matters will be passed upon for the Developer by Polsinelli PC, Kansas City, Missouri. Bryan Cave LLP, Kansas City, Missouri, serves as counsel to the Underwriter.

## TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2015 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2015 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2015 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2015 Bonds.

**TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, OWNERS OF THE SERIES 2015 BONDS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE SERIES 2015 BONDS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY OWNERS OF THE SERIES 2015 BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THOSE OWNERS UNDER THE INTERNAL REVENUE CODE; (B) THE DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE SERIES 2015 BONDS WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THOSE SERIES 2015 BONDS; AND (C) OWNERS OF THE SERIES 2015 BONDS SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR BASED ON THEIR PARTICULAR CIRCUMSTANCES.**

### ***Tax Status – Federal and State of Missouri***

**No Federal Tax Exemption.** The interest on the Series 2015 Bonds is *included* in gross income for federal income tax purposes, in accordance with an owner’s normal method of accounting.

**No Missouri Tax Exemption.** The interest on the Series 2015 Bonds is *included* in income taxation by the State of Missouri.

**No Other Opinions.** Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2015 Bonds, except as expressly provided herein. Purchasers of the Series 2015 Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the Series 2015 Bonds, including the possible application of state, local, foreign and other tax laws.

### ***Other Tax Consequences***

**Original Issue Discount.** For Federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Series 2015 Bond is the first price at which a substantial amount of the Series 2015 Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). If the OID on a Series 2015 Bond is more than a *de minimis* amount (generally 1/4% of 1% of the stated redemption price at maturity of the Series 2015 Bond multiplied by the number of complete years to its maturity date), then that Series 2015 Bond will be treated as issued with OID (an “OID Bond”). The amount of OID that accrues to an owner of an OID Bond during any accrual period generally equals (1) the issue price of that Series 2015 Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2015 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2015 Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be included in gross income for Federal income tax purposes, and will increase the owner’s tax basis in that OID Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

**Sale, Exchange or Retirement of Series 2015 Bonds.** Upon the sale, exchange or retirement (including redemption) of a Series 2015 Bond, an owner of the Series 2015 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2015 Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Series 2015 Bond. To the extent a Series 2015 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2015 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2015 Bonds, and to the proceeds paid on the sale of the Series 2015 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

**Collateral Federal Income Tax Consequences.** Prospective purchasers of the Series 2015 Bonds should be aware that ownership of the Series 2015 Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2015 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 2015 Bonds, including the possible application of state, local, foreign and other tax laws.

## UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Series 2015 Bonds from the City at an aggregate purchase price of \$3,758,487.50 (which is equal to the aggregate principal amount of the Series 2015 Bonds less original issue discount of \$58,650.00 and less an underwriting discount of \$92,862.50). The Underwriter will be obligated to accept delivery and pay for all of the Series 2015 Bonds if any are delivered.

The Series 2015 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 2015 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 2015 Bonds.

## REVENUE STUDY

GAI Consultants, Inc., Orlando, Florida, has prepared the Revenue Study which is attached hereto as **Appendix A**. Certain financial and statistical data included in this Official Statement have been excerpted from the Revenue Study. The City, the CID, the Developer, the Financial Advisor and the Underwriter make 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 2015 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 A 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.**

## **NO RATINGS**

The City has not applied to Standard & Poor's, Moody's Investors Service, Inc. or any other similar rating service for a rating of the 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 2015 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 2015 Bonds other than those either expressly or by fair implication imposed on the City.

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**APPENDIX A**

**REVENUE STUDY**

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# Estimates of CID Special Assessment Revenues

Adams Dairy Landing CID  
City of Blue Springs, Missouri

GAI Project Number: R141967.00

July 2015 – Final Draft

Prepared by: GAI Consultants, Inc.  
Orlando Office  
618 E. South Street, Suite 700  
Orlando, Florida 32801

Prepared for: City of Blue Springs.  
903 W. Main Street  
Blue Springs, Missouri 64015

# Estimates of CID Special Assessment Revenues

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City of Blue Springs, Missouri

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Blue Springs, Missouri 64015

Prepared by:  
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618 E. South Street, Suite 700  
Orlando, Florida 32801

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July 16, 2015

GAI Project No. R141967.00

Ms. Christine Cates, CPA  
Assistant City Administrator  
Finance & Administrative Services  
City of Blue Springs  
903 W. Main Street  
Blue Springs, Missouri 64015

**Estimates of CID Special Assessment Revenues  
Adams Dairy Landing CID**

Dear Christine:

GAI Consultants, Inc. (GAI) has completed its analysis of the planned development activities associated with the Adams Farm project, and more specifically the Adams Dairy Landing CID. The attached report entitled "Estimates of CID Special Assessment Revenues – Adams Dairy Landing CID" summarizes our findings. The study has been completed in accordance with our proposal to the City of Blue Springs, Missouri (the "City") dated December 23, 2014. The majority of our research effort occurred in February and March of 2015. Development program changes that occurred at later dates were incorporated into this document.

The report is based on estimates, assumptions and other information related to the above. Such estimates, assumptions or other information were developed from prior GAI research, knowledge of the area, the retail and entertainment industry and discussions with you and other involved parties, during which we were provided certain information. The sources of information and basis of estimates and assumptions are stated in the report. Since our documentation is based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent the data as results which would actually be achieved.

Our services did not include legal and regulatory counseling, comments on matters associated with zoning or other state and local government regulations, permits and licenses. Further, no effort was made to determine the possible effects on any specific projects as they may be influenced by present or future federal, state or local legislation, including any bond restrictions, changes in tax structure or tax law, environmental or ecological matters, or interpretations thereof.

Any conclusions and/or any prospective financial information that is included in our documentation were based on estimates and assumptions from previous studies, information developed from supplemental research, knowledge of the industry and other sources, including certain information that you and your project participants have provided. These sources of information and bases of significant estimates and assumptions are stated in our documentation. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from any estimates, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the document to reflect events or conditions which occur subsequent to the date of the documentation.

Our documentation is intended for your information, general planning and for disclosure within a preliminary and final offering statement prepared for this project. This document may be quoted in that

official statement in its entirety. Excerpts or references to the document must acknowledge that these passages from the document are out of context and the entire report must be reviewed. Neither our documentation nor its contents, nor any reference to our firm may be included or quoted in any other real estate offering or registration statement, loan or other agreement or document without our express prior permission. Permission will be granted upon meeting certain conditions.

Please contact us if you have any questions about this report. It has been a pleasure working with you on this project.

Sincerely,  
**GAI Consultants, Inc.**

David R. Darsey  
Senior Director

DRD

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## 1.0 EXECUTIVE SUMMARY

GAI Consultants, Inc. (GAI) was retained by the City of Blue Springs, Missouri (the City) to prepare estimates of future special assessment revenues generated within the boundaries of the Adams Dairy Landing Community Improvement District (CID). These CID Special Assessment revenues are generated by certain retail operators and restaurants located in the existing Adams Dairy Landing shopping center and certain other tenants within the immediate Adams Farm area, collectively referred to herein as the "Project". The Project is located at the intersection of Interstate 70 and Adams Dairy Parkway in the City. This Project opened in 2009 and the portion which lies within the CID boundaries now totals approximately 383,615 square feet (SF). The relevant plan allows for the collection of CID Special Assessments from these operators within the CID.

The City's issuance of the Taxable Special Obligation Special Assessment Bonds (Adams Farm Project) Series 2015 (the "Series 2015 Bonds") is supported by the CID Special Assessments. These CID Special Assessments are received by the City in the amount of \$1.00 per square foot (SF) of building floor area, as imposed by the CID within its boundaries. A portion of the proceeds of the Series 2015 Bonds will be used to reimburse the developer for CID reimbursable project costs incurred by the developer in the development and construction of the Project.

The Adams Dairy Landing shopping center is nearing completion and has only a few pad sites and lease spaces available. We understand there are six pad sites expected to be constructed in the future. These pad sites have not been included in our projections but if built they would add to the future CID Special Assessment revenue. The Project's developer is related to RED Development, Inc. (the Developer or RED), which is headquartered in Phoenix, Arizona and has an office in Overland Park, Kansas. Principals within the Developer's firm have developed similar projects in the Kansas City area, and throughout the country. These facilities were implemented under redevelopment powers authorized by Missouri state law.

This report describes the existing retail center, the general context in which the Project was implemented, and our work to estimate future special assessment receipts. The report also provides GAI's processes involved in that work. It is understood that this analysis will be used to support the financing of CID reimbursable project costs as described above.

Each reader is encouraged to read this analysis in its entirety to understand the assumptions and potential limitations of the analysis.

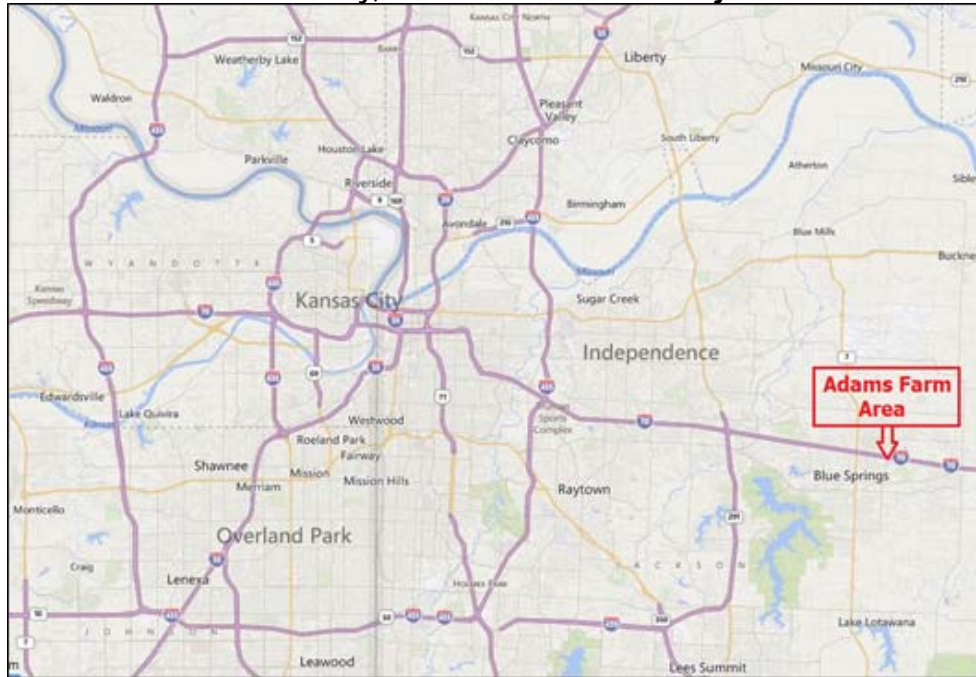
### 1.1 Project Location and Overview

The Project is about 20 miles east of downtown Kansas City, and the existing highway network and road improvements serving the Project provide both superior access and visibility. The site is located directly off I-70, just south of the I-70/Adams Dairy Parkway interchange. I-70 provides direct east-west access through the heart of Kansas City. The site is also near the I-470, which provides access to the southeastern portion of the metro area. Both I-470 and I-70 also connect with I-435, which is a loop highway circling the Kansas City metro area. This road network provides convenient and relatively unrestricted connection with virtually any point in the region.

The following map illustrates the site's location in proximity to the greater region.



### Kansas City, General Location of the Project



Source: Bing Maps

The following aerial shows the location and major components of the Project.

### Aerial of Adam's Farm Area

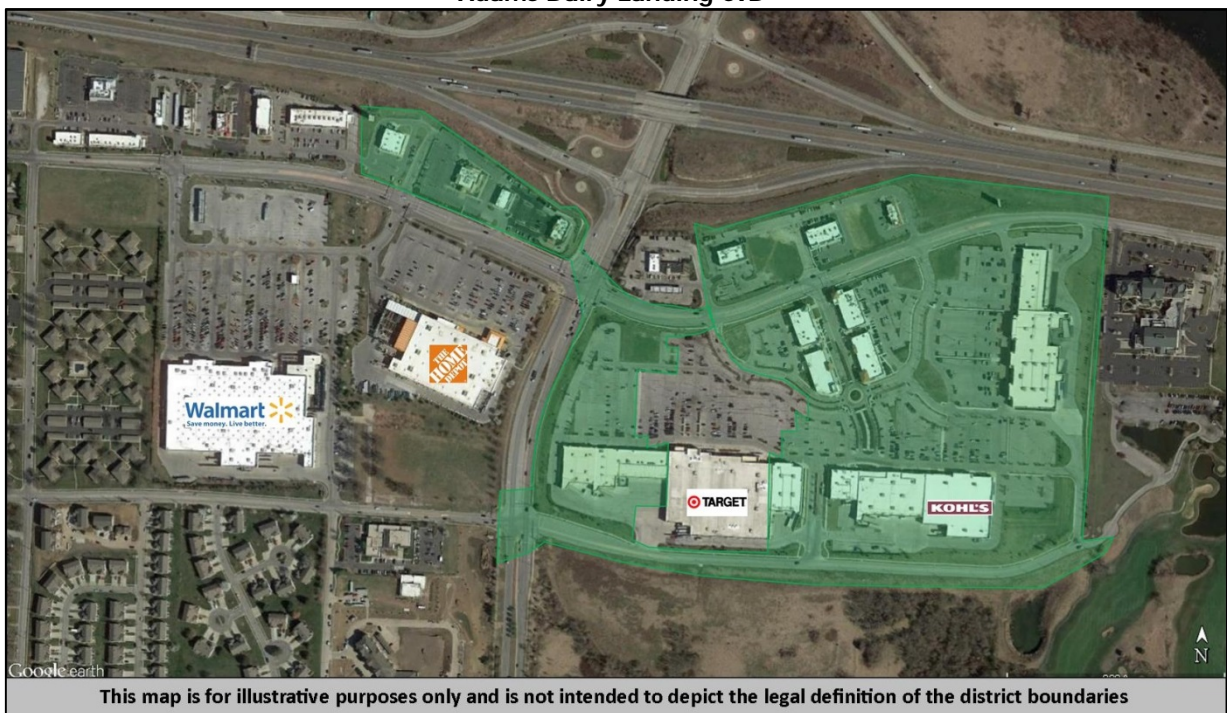


Source: Bing Maps

The Project is generally bounded by I-70 to the north and RD Mize Road to the south. The eastern border stops at the eastern edge of the shopping center and does not include the adjacent Marriott Hotel or golf course. South of Coronado Drive, the border to the west is NE Adams Dairy Parkway. To the north of Coronado Drive, the western boundary includes the Olive Garden restaurant, Sleep Number/Select Comfort and AT&T, but does not include Adams Dairy Bank.

The CID Special Assessments provide the revenue stream available to support the Series 2015 Bonds. Development within the CID boundaries captures these special assessments in the amount of \$1.00 per SF of building floor area. The aerial figure on the following page shows the CID boundaries, as well as the included Project components.

### Adams Dairy Landing CID



Source: RED Development

Most operators and tenants within the CID began to open in 2009 and have continued through the current time. The table on the following page identifies each tenant or operator within the CID, and indicates their building square footage and status. It is important to note that there are two operators that are generally surrounded by the CID area, but are not specifically included in the CID itself. As seen on the figure above, Target (southern edge of shopping center) and Meiner's Market (southeast corner of NE Adams Dairy Parkway and I-70) are both located within the shopping center area but are not included in the CID, and are therefore excluded from the application of the CID Special Assessments. Additionally, the area immediately to the west of the CID boundaries also includes a Home Depot, Walmart, and several other retailers and restaurants. These operators are not subject to the CID Special Assessments, but do contribute to the consumer traffic in the area.

**Tenant List**

<b>Store</b>	<b>Square Footage in CID</b>	<b>Status</b>	<b>Date Opened</b>
<b>National Retailers/Major Anchors</b>			
Kohl's	64,015	Open	Sep 2010
<i>Subtotal</i>	<u>64,015</u>		
<b>Junior Anchor</b>			
Gordman's #46	47,628	Open	Nov 2010
T.J. Maxx	46,000	Open	May 2012
<i>Subtotal</i>	<u>93,628</u>		
<b>Large Format Retail</b>			
Ross Dress for Less	22,000	Open	Aug 2012
Michael's	21,457	Open	Mar 2011
Petco	13,500	Open	May 2010
Ulta Beauty Salon	10,066	Open	Apr 2012
Boot Barn	10,000	Open	Jun 2014
<i>Subtotal</i>	<u>77,023</u>		
<b>Small Format Retail</b>			
Heartland Dental Care	2,447	Open	Oct 2011
AT&T Mobility	3,500	Open	Oct 2013
Care Spot	3,185	Open	Sep 2014
Cato	4,500	Open	Nov 2012
Charming Charlie	8,007	Open	May 2012
Chic Nails & Spa	1,696	Open	Feb 2013
Claire's	1,200	Open	Dec 2012
Dentist	4,290	Open	Aug 2014
Dress Barn	7,000	Open	Dec 2012
Famous Footwear	5,940	Open	Mar 2010
Five Below	8,000	Open	May 2015
Gamestop #6284	2,153	Open	Nov 2009
Gap	7,500	Open	Nov 2009
GNC (General Nutrition Center)	1,421	Open	Jan 2012
Hallmark Gold Crown	4,000	Open	Sep 2012
Massage LuXe	3,076	Open	Mar 2015
Mattress Firm #916	3,750	Open	Nov 2009
Maurices	5,010	Open	Nov 2009
Rue 21	4,500	Open	Oct 2012
Sleep Number (Select Comfort)	3,500	Open	Jun 2013
Super Cuts	1,153	Open	Apr 2009
Sally Beauty	1,620	Open	Nov 2009
Verizon Wireless	3,200	Open	Apr 2011



**Tenant List (continued)**

Store	Square Footage in CID	Status	Date Opened
<b>Small Format Retail (continued)</b>			
Available	1,157	Available - Built	
Available	3,622	Available - Built	
Available	3,387	Available - Built	
Available	4,928	Available - Built	
Available	14,011	Available - Built	
Available	4,167	Available - Built	
<i>Subtotal</i>	<u>121,920</u>		
<b>Food and Beverage</b>			
Chick-Fil-A	4,277	Open	Nov 2011
Chipotle Mexican Grill # 1382	2,500	Open	Nov 2009
Five Guys Burgers & Fries	2,560	Open	May 2014
Olive Garden	7,441	Open	Mar 2010
Subway	1,645	Open	Jul 2012
Yogurtini	1,991	Open	Jul 2011
Arby's	2,812	Open	Nov 2012
Jersey Mike's	1,235	Open	Nov 2014
PepperJax Grill	2,568	Open	Apr 2015
<i>Subtotal</i>	<u>27,029</u>		
<b>Total Building SF</b>	<b>383,615</b>		

Source: City of Blue Springs; GAI

For this analysis, operators and tenants were assigned to one of five categories. The following table summarizes the development by these categories, and also identifies remaining available space within the existing buildings. Square footages shown below are used in determining the CID Special Assessment amounts.

**Square Footage per Category**

Category	Square Footage	% of Total SF
Major Anchors	64,015	16.69%
Junior Anchors (>25,000 SF)	93,628	24.41%
Large Format Retail (>10,000 SF)	77,023	20.08%
Small Format Retail (<=10,000 SF)	90,648	23.63%
Food & Beverage/Entertainment	27,029	7.05%
Available	31,272	8.15%
<b>Total Building SF</b>	<u>383,615</u>	100.00%

Of the 383,615 SF of building space within the Project, approximately 91.85% is open and operating, indicating that the Project is nearing build-out. The in-line space excluding the anchor store has an occupancy rate of approximately 90.2%. The remaining space is in the process of negotiating a letter of intent (LOI), or is available without an identified tenant. The Developer is actively marketing this vacant space for lease.

For this analysis, since the CID Special Assessments are levied against building space and all of the buildings related to the tenant list above are completed, though not necessarily fully occupied, our projections of future CID Special Assessment revenue include the available space in the calculations.

## 1.2 Objectives and Scope of Research or Investigation

The objective of the analysis is to evaluate the future course of this development if it continues as implemented. The impact is measured specifically in terms of projected CID Special Assessments from development to support the financing of CID reimbursable projects costs, as allowed by Missouri law.

In the conduct of this analysis, it has been our role only to define assumptions about the origin, nature and distribution of special assessment collections as they relate to this program consistent with Missouri law. The content and emphasis of the components as they have been researched or represented to us are incorporated within our analysis, but it should not be construed that we have done market studies for the Project or for individual users within the Project. The majority of our research effort occurred in February and March of 2015. Development program changes that occurred at later dates were incorporated into this document.

## 1.3 Financial Summary

Within this analysis, there is one primary revenue category projected: the CID Special Assessments. The CID Special Assessments are levied against each commercial building that is located within the boundaries of the CID. The levy rate for the CID Special Assessments is \$1.00 per square foot of building area. These CID Special Assessments are collected by the Jackson County, Missouri Collections Department (the Jackson County Collector) with the annual tax bills and the proceeds are remitted to the City pursuant to a cooperative agreement between the City and the CID. The CID Special Assessments pledged to the payment of the Series 2015 Bonds are the proceeds of the Special Assessments received by the City through the Jackson County Collector on or after the Bond Issuance Date of the Series 2015 Bonds.

The CID Special Assessments will not expire until the earlier of the termination of the CID or fifty (50) years from the date of the CID's creation (July 21, 2008). For the purpose of this analysis, we have projected the CID Special Assessment revenues through the year 2045.

Our projections reflect building square footages and associated revenues that could be achieved at the Project now and in the future with the continued operation of the existing tenants and operators. GAI has assumed the Project will continue to be operated in a manner similar to the current situation. If there are significant future changes within the CID, especially in the form of the addition or removal of buildings, the estimates presented herein could be materially impacted.

We understand the 2014 CID Special Assessment of \$383,615 billed in 2014 has already been collected and was paid to the City in early 2015.

The table on the following page summarizes the CID Special Assessment revenues available to support the Series 2015 Bonds, which will be used to reimburse the developer for CID reimbursable project costs incurred by the developer in the development and construction of the Project. The 1.0% fee charged by the Jackson County Collector has been deducted from our projections. Any applicable City administrative

fees, certain collection fees, and other City or CID expenses have not been deducted from our revenue projections. These fees and expenses will be incorporated into the underwriter's estimates.

**Total CID Special Assessment Revenue Distribution Summary**

Projection Year <sup>1</sup>	Square Footage	CID Special Assessment Rate per SF	Subtotal CID Special Assessment Revenue	Jackson County Collections Fee	Total CID Special Assessment Revenue
2015	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2016	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2017	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2018	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2019	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2020	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2021	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2022	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2023	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2024	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2025	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2026	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2027	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2028	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2029	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2030	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2031	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2032	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2033	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2034	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2035	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2036	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2037	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2038	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2039	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2040	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2041	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2042	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2043	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2044	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2045	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
<b>Total</b>			<b>\$ 11,892,065</b>	<b>\$ (118,916)</b>	<b>\$ 11,773,149</b>

<sup>1</sup> Projection period is 2015 through 2045. However, the 2015 collections will be paid to the Developer.

## 2.0 PROFILE OF PROJECT'S DEVELOPER AND MAJOR ANCHOR

This section summarizes pertinent information regarding the Project's developer and the Project's major anchor within the CID boundaries.

### 2.1 Developer Background

An affiliate of RED is the project developer. Since 1995, RED and its management team have become one of the Midwest's largest retail and commercial developers. The company prides itself in creating innovative destination retail and mixed-use projects that enhance the shopping experience in their individual markets and strengthen the retail environment within communities. With a portfolio of 31 properties totaling more than 16 million square feet across 9 states, RED has moved to emphasize the acquisition and management of strategically located commercial properties. Other RED projects in the metro area include Summit Woods and Summit Fair in Lee's Summit, Missouri. With RED's related or affiliated companies, it has many centers that are oriented to the same retailers and consumers drawn to the Project in the City.

The development team includes many top real estate executives who have enjoyed long careers within the industry. RED focuses on value added acquisitions, ground up development and suburban and infill redevelopment opportunities, including:

- ▶ Suburban and infill redevelopment and acquisition projects
- ▶ Mixed-use, lifestyle, power or hybrid centers
- ▶ Urban or suburban environments
- ▶ Working with joint venture partners
- ▶ Acting as project owner or third-party consultant
- ▶ Fee development projects

RED's goal is to create projects that complement the local environment, engage consumers, create a platform for retailer performance, and communicate vision and originality, designed with each community's needs in mind.

### 2.2 Kohl's

Kohl's is the primary major anchor within the CID boundaries for this Project. Kohl's is a family-oriented retail department store offering a wide assortment of merchandise, principally moderately priced apparel, footwear, and accessories for men, women and children. Kohl's department stores also feature products for the home such as bed linens, towels, décor, kitchen items, and various small electronics. The company offers both national brands as well as private label merchandise exclusive to Kohl's stores. Kohl's began as a single department store in Wisconsin in 1962, later expanding throughout the Midwest until 1992 when it transitioned to a public company. Since that time, Kohl's has expanded considerably, operating 1,158 store locations in 49 states. Its main competitors include department stores such as JC Penney and Sears, however the company also competes with larger discount stores like Target. The Kohl's Corporation also operates an online retail store through its website where it is able to offer an increased variety of styles and sizes. Revenues from e-commerce activity increased by 20.0% in fiscal 2013 over the previous year, however sales per square foot of building area have declined by 6% since 2011.

As with similar retail stores, Kohl's has seen a recent decrease in consumer spending. From 2012 to 2013, company-wide net sales fell by 1.2% across all stores. Comparable store sales also decreased by approximately 3% from 2012 to 2013, this is attributed primarily to a decrease of 0.4% in selling

price per unit and a decrease of 2.3% in number of transactions. The decrease in selling price per unit was primarily due to slightly deeper discounts and clearance merchandise which represented a slightly higher percentage of total sales than in prior years. Comparing fiscal year 2012 to 2011, Kohl's experienced some improvement as net sales reached \$19.2 billion, an increase of 2.5% or approximately \$475 million over the previous year. According to the company's annual report, this growth in sales is attributed to several factors including an uptick of 0.3% in comparable store sales and increase of \$423 million in e-commerce sales. In 2013 Kohl's sales were \$227 per square foot. The following table, from the company's most recent annual report, demonstrates relative consistency among merchandise mix over the three fiscal years shown below. In fiscal year 2013, all categories reported low single-digit sales decreases.

<b>Category</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Women's	31%	31%	31%
Men's	19%	19%	19%
Home	18%	18%	19%
Children's	13%	13%	13%
Accessories	10%	10%	9%
Footwear	9%	9%	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Sources: Kohl's 2013 Annual Report; GAI.

From a regional perspective, the West, which reported sales consistent with 2012, was the strongest region in 2013. All other regions reported low-to-mid single-digit sales decreases. While renovation was a priority in 2013, expansion was not. The company did not open any new stores in 2013, and closed 12 stores. Kohl's operates 26 stores in Missouri, of which 11 are located in the Kansas City area. Despite a lack of new store additions and the challenging economic environment, 280 beauty department renovations were completed in 2013 with 200 more expected to be renovated in 2014. According to the most recent annual report, the company has identified beauty department renovations in existing stores as a priority after initial test results showed a significant increase in beauty sales in the renovated stores. Kohl's operates two types of stores, "prototype" stores which average 88,000 square feet and "small" stores which average 55,000 square feet.

### **2.3 Implications**

The development within the CID boundaries totals approximately 383,615 SF. The Project was developed by RED which is headquartered in Phoenix, Arizona and has an office in Overland Park, Kansas. Principals of RED have developed several projects in the Kansas City area similar to the product in Blue Springs.

Many of the Project elements have been open several years, providing a good operating history which speaks to future performance. The Project within the CID boundaries is anchored by Kohl's, a well-known and established operator. It is also surrounded by other well-known and established operators, including a Walmart Supercenter, Home Depot, and Target, as described in Section 3. Each of these major operators owns their respective land and building. Of the building space within the Project, approximately 91.85% is open and operating, indicating that the Project is near build-out. It is likely that the remaining space would be occupied by a combination of in-line retailers, restaurants and service tenants.



The anchor and other surrounding major operators described herein are high-volume national chains that should continue to effectively compete for business within the market. More detailed information on the local area retail environment is included in a later section of this report.

The existing highway network and road improvements serving the Project provide both superior access and visibility. The site is located directly off I-70 at the Adams Dairy Parkway interchange. The site is about 6.5 miles east of the I-470 interchange, which provides access to the southeastern portion of the metro area. The I-435/I-70 interchange is about 13 miles west of the site, providing access to this loop highway circling the Kansas City metro area. This road network provides convenient and relatively unrestricted connection with virtually any point in the region.

GAI has worked extensively in the Kansas City market in the past and as a result of that work we have extraordinary access to operating data for many retail projects in the area. This information provided valuable input into the assumptions for the Project that are discussed in this document.

### 3.0 PROFILES OF MAJOR RETAILERS ADJACENT TO THE CID

This section summarizes pertinent information regarding major retail operators surrounded by or adjacent to the CID boundaries. The following major operators (Walmart, Home Depot, and Target) are located within or adjacent to the Adams Dairy Landing shopping center, but are not included within the boundaries of the CID. As such, they are not subject to the CID Special Assessment levy. However, these major retailers do represent shopping destinations for consumers, and therefore attract consumer traffic to the Project area as a result.

#### 3.1 Walmart Supercenter

Walmart, the largest retailer in the United States, is also one of the nation's largest corporations with total fiscal year 2014 revenue of more than \$476 billion. The company now has approximately 3,288 of its Supercenter stores nationwide, in addition to about 508 of its conventional discount stores, 407 Neighborhood Markets, and about 632 Sam's Club stores. The company has more than 10,900 stores worldwide. In fiscal year end 2014, Walmart's US stores had sales of approximately \$279 billion, or about \$424 per SF.

With over \$279 billion in total US sales for fiscal year 2014, Walmart Stores, Inc. literally dwarfs its most direct competitor in the United States. In comparison, Target reported over \$72 billion for fiscal year 2014 U.S. sales. Recently, sales volume at domestic-segment Walmart stores has been more than three times that of Target, which is often cited as the chain's most substantive competitor by industry analysts. The following table illustrates the power of Walmart based on sales for the most recent comparable year.

**Sales of Key Discount Chains in the United States**

	<b>Retail Sales</b>	<b>Stores/U.S.</b>	<b>Sales/SF</b>
	<b>2014</b>	<b>2014</b>	<b>2014</b>
Walmart	\$279.4 Billion	4,203	\$424
Target	\$72.5 Billion	1,793	\$302

Sources: Walmart Stores, Inc. Annual Report;  
Target Corp. Annual Report; U.S. Business Reporter; and GAI.

As compared to the prior fiscal year, net sales at the various Walmart domestic stores increased by 1.8% in fiscal year 2014. Sales in fiscal year 2013 increased at about 3.9% over 2012 levels. However, 2010 and 2011 increased at a much slower pace but were still showed positive growth. This growth in sales resulted from an increased number of stores and customer traffic, as well as continued strength in the grocery and health and wellness segments. While there are many reasons for the company's success, at least one visible area of growth is its retail food operations. According to the Progressive Grocer, Walmart has become the largest grocery seller in the United States, challenging not only regional grocers but the national chains as well. In the most recent year data was available, grocery sales accounted for about 54% of Walmart's domestic segment revenue.

The Walmart U.S. segment operates retail stores in all 50 states, including discount store locations in 43 states, Supercenters in 48 states, and the smaller Neighborhood Markets in 31 states. In 2013, the company added 130 Supercenters and 121 Neighborhood Markets across the U.S. market, but closed 53 stand-alone Walmart discount stores. The discount stores average in size approximately 106,000 SF. Supercenters have an average size of approximately 182,000 SF. Neighborhood Markets have an average size of approximately 38,000 SF.

As of March 30, 2014 there were 107 Supercenters, 12 discount stores, and 5 Neighborhood Markets in Missouri. Included in this total are 12 Supercenters in the Kansas City area. The company's comparative store sales decreased by 0.6% in fiscal 2014 versus fiscal year 2013 totals. According to company reports comparable store sales were negatively impacted by lower consumer spending primarily due to the slow recovery in general economic conditions, an increase in the 2013 payroll tax, a reduction in government food benefits and the severe winter storms that occurred during the company's fiscal 4th quarter.

### 3.2 The Home Depot

The Home Depot, Inc. is the world's largest home improvement retailer based on net sales for the 2013 fiscal year. The Home Depot stores sell a wide assortment of building materials, home improvement products and lawn and garden products and provide a number of services. The Home Depot stores average approximately 104,000 square feet of enclosed space, with approximately 24,000 additional square feet of outside garden area. As of the end of fiscal 2013, there were 2,263 The Home Depot stores located throughout the United States including the Commonwealth of Puerto Rico and the territories of the U.S. Virgin Islands and Guam, Canada and Mexico. Currently there are 34 The Home Depot stores located in Missouri, of which 17 are located in the Kansas City area. As of the end of fiscal 2013, a total of 286 of The Home Depot stores, or 12.6%, were located in Canada and Mexico. During the 2013 fiscal year, two new The Home Depot stores were opened in the United States and one was closed, additionally six new The Home Depot stores were opened in Mexico.

For the fiscal year 2013, The Home Depot reported net earnings of \$5.4 billion compared to \$4.5 billion for fiscal year 2012. The results for fiscal 2012 included a total charge of \$145 million related to the closing of its remaining seven stores in China. Excluding the charge related to the China store closings, net earnings were \$4.7 billion for fiscal 2012. Net sales increased 5.4% to \$78.8 billion for fiscal 2013 from \$74.8 billion in fiscal 2012. Comparable store sales increased 6.8% in fiscal 2013, driven by increased comparable store customer transactions and comparable store average ticket. Comparable store sales for U.S. stores increased 7.5% in fiscal 2013. In 2013, The Home Depot's sales were \$335 per square foot.

Net sales for fiscal 2012 increased 6.2% to \$74.8 billion from \$70.4 billion for fiscal 2011. The increase in net sales for fiscal 2012 reflects the impact of positive comparable store sales and \$1.2 billion of net sales attributable to the additional week in fiscal 2012. Total comparable store sales increased 4.6% for fiscal 2012 compared to an increase of 3.4% for fiscal 2011. The positive comparable store sales for fiscal 2012 reflect a number of factors including the execution of key initiatives and an improved U.S. housing market. All departments except for one posted positive comparable store sales for fiscal year 2012, and comparable store average ticket increased 2.9% for fiscal 2012. Comparable store sales for Lumber, Flooring, Paint, Tools, Bath, Electrical, Lighting, Indoor Garden and Décor product categories were above or at the company average for fiscal 2012. Comparable store sales for Hardware, Plumbing, Outdoor Garden, Kitchen and Millwork product categories were positive for fiscal 2012. Comparable store sales for Building Materials product category were negative for fiscal 2012, reflecting the impact of weather and difficult year-over-year comparisons in roofing due to storm and repair activity that drove sales in fiscal 2011.

**Percent of Sales by Category**

Category	2013	2012	2011
Kitchen	10.1%	9.4%	9.4%
Indoor Garden	9.0%	9.0%	8.9%
Paint	8.9%	9.0%	8.9%
Outdoor Garden	7.7%	7.9%	8.0%
Lumber	7.4%	7.3%	7.0%
Flooring	7.3%	7.3%	7.3%
Building Materials	7.3%	7.5%	8.1%
Plumbing	6.9%	6.9%	6.9%
Electrical	6.8%	6.7%	6.5%
Tools	6.4%	6.4%	6.3%
Hardware	6.0%	6.1%	6.1%
Millwork	5.6%	5.7%	5.9%
Bath	4.7%	4.8%	4.7%
Lighting	3.0%	3.0%	3.0%
Decor	3.0%	3.0%	2.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Sources: The Home Depot 2013 Annual Report; GAI.

According to The Home Depot's 2013 Annual Report, its product portfolio strategy is aimed at delivering innovation, assortment and value. A typical The Home Depot store stocks approximately 30,000 to 40,000 products during the year, including both national brand name and proprietary items. The Home Depot also offers over 700,000 products through The Home Depot and Home Decorators Collection websites. Throughout fiscal 2013, The Home Depot invested in its website to allow customers to more easily find and purchase an expanded array of products and provide them with flexibility and convenience for their purchases. Over 30% of The Home Depot online orders are picked up in a store, and many of The Home Depot customers research products online then go into one of their stores to view the products in person or talk to an associate before making the purchase. While in the store, customers may also go online to access ratings and reviews, compare prices or view The Home Depot's extended assortment. Over 10% of online orders are created in-store with a store associate assisting the customer.

### 3.3 Target

Target Corporation has become one of the largest retailers in the United States, although it is literally a fraction of the size of Walmart, American's largest business unit. While it ranks among the leading retailers and is, like Walmart, a direct merchant, it has fashioned a niche position as an upscale discounter. In this position, its format and differentiated merchandise has generated a strong consumer following that has transformed its bull's-eye trademark into a universally recognized retail symbol.

Target Corporation is the parent for its group of nationwide discount stores which until 2004 had included Mervyn's as well as Marshall Fields. At that time, the sale of these stores allowed the company to focus its capital on the expansion of its flagship name. In 2013, Target opened 124 stores in Canada, marking the biggest single-year store opening cycle in Target's history and their first year of international retail operations. Also, with gains from the sale of Target's consumer credit card portfolio to TD Bank in March of 2013 they were able to repurchase, at market value, \$970 million of debt.

Sales were \$72.5 billion for 2013, a decrease of \$705 million or 0.9% from 2012. Sales per square foot of U.S. stores were \$302 in fiscal year 2013. Target's 2013 Annual Report explains that the decrease in sales in 2013 reflects the impact of an additional week in 2012 and a decline in comparable sales, partially offset by the contribution from new stores. Sales growth of \$3.4 billion or 4.9% experienced in 2012 resulted from higher comparable sales, the contribution from new stores and a 1.7 percentage point benefit from an additional week in the fiscal year.

The table below from the company's most recent annual report indicates emphasis and distribution of trades and products sold in Target's traditional and supercenter stores.

**Percentage of Sales by Category**

Category	2013	2012
Household Essentials	25%	25%
Food & Pet Supplies	21%	18%
Apparel and Accessories	19%	19%
Hardlines	18%	20%
Home Furnishings & Decor	17%	18%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Target Corp. Annual Report; GAI.

According to the most recent annual report, the company currently operates 1,793 stores in the United States and 1,917 nationwide. According to the 2013 Annual Report, there were 36 stores in Missouri and according to their website there are currently 17 Target stores in the Kansas City area. Target has four different store types; Target general merchandise stores, expanded food assortment stores, SuperTarget stores, and CityTarget stores. In 2013, there were 289 Target general merchandise stores, 1,245 expanded food assortment stores, 251 SuperTarget stores, and 8 CityTarget stores in the U.S. In 2013, 15 new Target stores were opened, consisting of 3 CityTarget stores and 12 expanded food assortment stores.

Target experienced a data breach at the end of 2013 in which an intruder stole certain payment card and other customer information from the Target network. Target estimates that the intruder accessed and stole payment card data from approximately 40 million credit and debit card accounts of customers who shopped at U.S. stores between November 27, 2013 and December 15, 2013, through malware installed on Target's point-of-sale system in U.S. stores. Additionally, the intruder stole certain customer information, including names, mailing addresses, and phone numbers or e-mail addresses, for up to 70 million individuals. Target incurred \$61 million in data-breach related expenses in the fourth quarter of 2013, and further expects to incur significant investigation, legal and professional services expenses associated with the data-breach in future periods.

### 3.4 Implications

Walmart, Home Depot, and Target are major retail operators that are located adjacent to the Adams Dairy Landing CID, but outside the CID boundaries. While these major retailers are not subject to the CID Special Assessment levy, each represents a shopping destination for consumers and helps attract consumers to the Project area as a result. This additional support in attracting consumers to the area provides additional stability to the long-term outlook for the Project.

## 4.0 GENERAL ECONOMIC CONDITIONS

This section profiles pertinent demographic information in various geographies including the Kansas City MO-KS Metropolitan Statistical Area (MSA), Jackson County and the City. The economic health of an area is an indicator of the potential future performance of existing and new development. This is particularly true for retail and restaurant uses, which involve the expenditures of disposable income.

### 4.1 Employment and Labor Force

Total employment in Jackson County, MO was negatively affected by the recession, but now has continued to grow since 2010, getting closer to pre-recession employment numbers. The unemployment rate for the County was at 6.3% in December 2014, noticeably lower than the 2013 average annual rate of 7.5% and much lower than the 2011 average of 9.5%. The current unemployment rate for the Kansas City, MO-KS MSA is lower than the State of Missouri and the United States rate for December 2014. Annual 2014 unemployment rates have not been released at this time.

#### Comparison of Unemployment Rates in Selected Areas, December 2014

Location	Unemployment Rate
Jackson County	6.3%
Kansas City, MO-KS MSA	5.0%
Missouri	5.3%
United States	6.2%

Source: U.S. Bureau of Labor Statistics; GAI

The following table tracks the region's change in employment going back 14 years. Generally, the State of Missouri and the Kansas City, MO-KS MSA have had unemployment patterns similar to those of the U.S. However, the Kansas City, MO-KS MSA and the State of Missouri were able to maintain levels of employment at or above those of the country during the recessionary period.

#### Selected Labor Force Data, Jackson County and Other Areas, 2000-2014

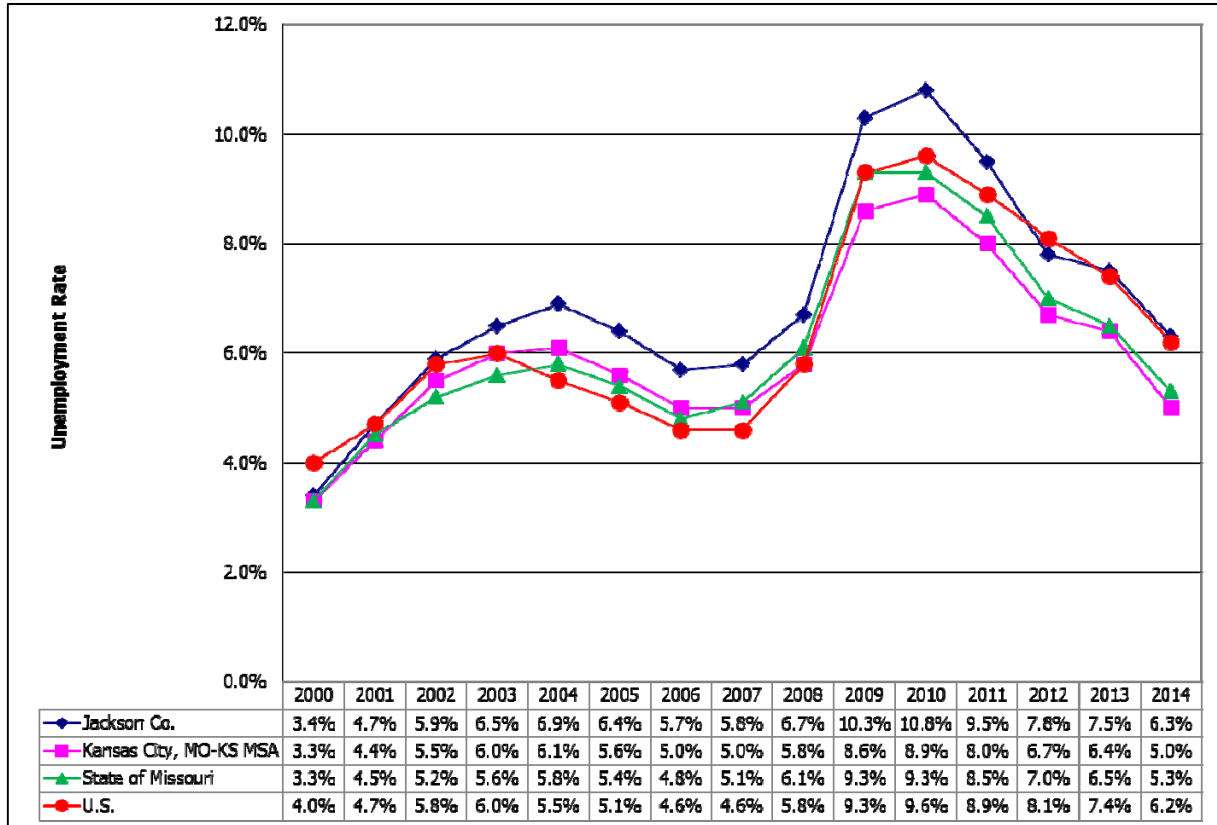
Year	Jackson County Emp.	Jackson County Unemployment Rate	Kansas City, MO-KS Unemployment Rate	State of Missouri Unemployment Rate	United States Unemployment Rate
2000	336,370	3.4%	3.3%	3.3%	4.0%
2001	331,055	4.7%	4.4%	4.5%	4.7%
2002	322,639	5.9%	5.5%	5.2%	5.8%
2003	317,081	6.5%	6.0%	5.6%	6.0%
2004	314,548	6.9%	6.1%	5.8%	5.5%
2005	315,079	6.4%	5.6%	5.4%	5.1%
2006	316,875	5.7%	5.0%	4.8%	4.6%
2007	318,534	5.8%	5.0%	5.1%	4.6%
2008	313,676	6.7%	5.8%	6.1%	5.8%
2009	310,262	10.3%	8.6%	9.3%	9.3%
2010	300,812	10.8%	8.9%	9.3%	9.6%
2011	301,885	9.5%	8.0%	8.5%	8.9%
2012	304,228	7.8%	6.7%	7.0%	8.1%
2013	305,536	7.5%	6.4%	6.5%	7.4%
2014	313,690	6.3%	5.0%	5.3%	6.2%

Source: U.S. Bureau of Labor Statistics; GAI

Although the unemployment rate in Jackson County has typically been around one percentage point higher than that of the national annual average, 2012 was the first time in a decade that the

unemployment rate in Jackson County was lower than the national average. However, Jackson County's December 2014 unemployment rate was higher than that of the Kansas City MO-KS MSA, the State of Missouri and the U.S.

**Comparison of Unemployment Rates, 2000 – 2014**



Source: U.S. Bureau of Labor Statistics; Missouri Department of Labor; GAI

## 4.2 Growth and Distribution of Population

The Kansas City, MO-KS MSA has historically consisted of a 15 county region. Nine counties, including Jackson, are in Missouri and six are located in Kansas. Jackson County is the region's most populated. It has about one-third of the population distribution within the metropolitan region with approximately 680,000 (2013 Census estimate) people today. The three next biggest counties in the Missouri portion of the Kansas City, MO-KS MSA are Clay, Cass, and Platte in that order. There are approximately 2,054,000 persons living in the Kansas City, MO-KS MSA with 59% residing in the Missouri portion of the region. In 2013, Franklin County, KS was dropped from the Kansas City, MO-KS MSA.

The following table illustrates the most recent data available regarding population change and distribution for the counties within the Kansas and Missouri portions of the Kansas City, MO-KS MSA.



**Population Change and Distribution for MSA Counties in Kansas & Missouri, 1990 – 2013**

	Census		2013* Estimate	2013 Population Distribution	% Annual Change 1990-00	% Annual Change 2000-13
	1990	2000				
<b>Kansas **</b>						
Johnson	355,021	451,541	566,933	27.6%	2.4%	1.8%
Leavenworth	64,371	68,684	78,185	3.8%	0.7%	1.0%
Linn	8,254	9,541	9,516	0.5%	1.5%	0.0%
Miami	23,466	28,340	32,835	1.6%	1.9%	1.1%
Wyandotte	<u>162,026</u>	<u>157,924</u>	<u>160,384</u>	<u>7.8%</u>	<u>-0.3%</u>	<u>0.1%</u>
Sub-total KS MSA	613,138	716,030	847,853	41.3%	1.6%	1.3%
Kansas State	2,477,588	2,688,925	2,893,957		0.8%	0.6%
<b>Missouri **</b>						
Bates	15,025	16,648	16,550	0.8%	1.0%	0.0%
Caldwell	8,380	8,964	9,097	0.4%	0.7%	0.1%
Cass	63,808	82,123	100,641	4.9%	2.6%	1.6%
Clay	153,411	183,941	230,473	11.2%	1.8%	1.7%
Clinton	16,595	19,002	20,571	1.0%	1.4%	0.6%
<b>Jackson</b>	<b>633,234</b>	<b>654,941</b>	<b>679,996</b>	<b>33.1%</b>	<b>0.3%</b>	<b>0.3%</b>
Lafayette	31,107	32,939	32,943	1.6%	0.6%	0.0%
Platte	57,867	73,826	93,310	4.5%	2.5%	1.8%
Ray	<u>21,968</u>	<u>23,374</u>	<u>23,039</u>	<u>1.1%</u>	<u>0.6%</u>	<u>-0.1%</u>
Sub-total MO MSA	1,001,395	1,095,758	1,206,620	58.7%	0.9%	0.7%
Missouri State	5,117,073	5,596,564	6,044,171		0.9%	0.6%
Total Kansas City, MO-KS MSA	1,614,533	1,811,788	2,054,473		1.2%	1.0%

Sources: U.S Bureau of the Census; GAI.

\* U.S. Census Bureau Population Estimates

\*\* Note: Counties within Kansas City, MO-KS MSA; Franklin County, KS is excluded as it was removed from the Kansas City, MO-KS MSA in 2013.

The Census figures show a 0.3% average annual change for Jackson County from 2000 to 2013. The Mid-America Regional Council (MARC), the council of governments for the Kansas City area, has projected population change at 10 year intervals through 2040 and shows population gains for seven of the counties in the nine-county planning region. The forecasts reflect a slow but upward trend in population as shown in the following table.



**Population Change, Projections and Distribution - Selected MSA Counties, 2000 – 2040**

	Census		Forecast			Average Annual Growth Rate			
	2000	2010	2020	2030	2040	2000-10	2010-20	2020-30	2030-40
<b>Kansas</b>									
Johnson	355,021	451,541	638,498	727,083	810,939	2.43%	3.53%	1.31%	1.10%
Leavenworth	64,371	68,684	84,261	92,405	99,401	0.65%	2.07%	0.93%	0.73%
Wyandotte	162,026	157,924	165,247	173,274	183,151	-0.26%	0.45%	0.48%	0.56%
<b>KS Sub-total</b>	581,418	678,149	888,006	992,762	1,093,491	1.55%	2.73%	1.12%	0.97%
<b>Missouri</b>									
Cass	63,808	82,123	114,094	127,973	140,803	2.56%	3.34%	1.15%	0.96%
Clay	153,411	183,941	261,361	296,491	328,639	1.83%	3.58%	1.27%	1.03%
<b>Jackson</b>	<b>633,234</b>	<b>654,941</b>	<b>692,165</b>	<b>714,763</b>	<b>742,122</b>	<b>0.34%</b>	<b>0.55%</b>	<b>0.32%</b>	<b>0.38%</b>
Platte	57,867	73,826	104,695	122,019	140,609	2.47%	3.56%	1.54%	1.43%
<b>MO Sub-total</b>	908,320	994,831	1,172,315	1,261,246	1,352,173	0.91%	1.66%	0.73%	0.70%
Sub-Total	1,489,738	1,672,980	2,060,321	2,254,008	2,445,664				
% of Total MSA	81.12%	82.20%							

Sources: Mid-America Regional Council, Missouri (MARC); GAI

All counties listed in the table above are expected to have continued population growth through 2040. Jackson County is predicted to have the smallest percentage growth in population amongst the four largest counties in the Missouri portion of the MSA. However, Jackson County will remain the most populated county in the Missouri portion of the MSA. As a point of comparison, the population of the next largest county in the Missouri portion of the MSA (Clay County) is less than half of the population of Jackson County. With a faster growth rate, Johnson County, Kansas is forecasted to overtake Jackson County, Missouri to be the most populous county in the MSA by 2030.

**Population Change for Blue Springs, Missouri, 2000 – 2013**

Year	Population	Avg Annual Change
2000	48,080	NA
2009	55,450	1.6%
2010	52,575	-0.6%
2011	52,447	0.0%
2012	52,794	0.1%
2013	53,049	0.1%

Sources: U.S Census Bureau; American Fact Finder; and GAI.

The population in the City has increased from 2000 to 2013 (most recent data available). While the City population declined from 2009-2010, there was a significant increase from 2000-2009 and continued positive growth from 2010 to 2013.

**4.3 Residential Construction**

Residential construction activity steeply declined in Missouri and the Kansas City, MO-KS MSA during the nationwide housing market collapse. The decline in building permits started in 2006 and continued through 2010, mirroring other areas across the U.S. The table on the following page shows the total number of permits issued annually for the 15-year period from 2000 to 2014 in Jackson County, the Kansas City, MO-KS MSA and the State of Missouri.

Though residential permits issued within all geographies have declined from the peak in 2005, the 2014 permits issued are greater in number than those in 2009, 2010, 2011 and 2012, demonstrating a recovering market. Residential permits in Jackson County declined to 670 in 2010, but showed a 58%

growth from 2010 to 2011, an 82% growth from 2011 to 2012, a 22% growth from 2012 to 2013, and a 64% increase from 2013 to 2014. This general pattern in permits was seen throughout the nation as the housing market collapsed and the economy struggled, and is now showing recovery over 2012, 2013, and 2014.

**Annual Permits in Jackson County, Kansas City MSA, and State of Missouri, 2000 – 2014**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Jackson County, MO</b>															
Single-Family	3,086	3,376	4,028	4,280	4,564	4,484	2,771	1,877	577	347	458	800	1,061	1,354	1,378
Multi-Family	<u>1,261</u>	<u>1,822</u>	<u>1,502</u>	<u>1,290</u>	<u>1,426</u>	<u>1,584</u>	<u>2,972</u>	<u>932</u>	<u>1,470</u>	<u>612</u>	<u>212</u>	<u>260</u>	<u>868</u>	<u>1,007</u>	<u>2,486</u>
Total Units	4,347	5,198	5,530	5,570	5,990	6,068	5,743	2,809	2,047	959	670	1,060	1,929	2,361	3,864
<b>Kansas City, MO-KS MSA</b>															
Single-Family	9,404	9,868	10,899	11,944	12,541	12,161	8,751	6,049	2,610	1,858	2,155	2,363	3,299	4,229	4,196
Multi-Family	<u>3,650</u>	<u>5,248</u>	<u>3,096</u>	<u>3,045</u>	<u>2,517</u>	<u>3,100</u>	<u>4,491</u>	<u>2,099</u>	<u>2,690</u>	<u>1,548</u>	<u>559</u>	<u>924</u>	<u>1,682</u>	<u>3,303</u>	<u>4,035</u>
Total Units	13,054	15,116	13,995	14,989	15,058	15,261	13,242	8,148	5,300	3,406	2,714	3,287	4,981	7,532	8,231
<b>Missouri</b>															
Single-Family	17,966	18,792	21,234	23,636	26,269	25,984	19,980	15,024	7,782	6,553	6,902	6,061	7,999	9,553	7,977
Multi-Family	<u>6,392</u>	<u>5,947</u>	<u>7,582</u>	<u>6,694</u>	<u>6,522</u>	<u>7,165</u>	<u>9,246</u>	<u>6,624</u>	<u>5,496</u>	<u>3,504</u>	<u>2,798</u>	<u>3,183</u>	<u>4,299</u>	<u>4,360</u>	<u>6,394</u>
Total Units	24,358	24,739	28,816	30,330	32,791	33,149	29,226	21,648	13,278	10,057	9,700	9,244	12,298	13,913	14,371

Source: FHUD SOCDs Building Permits Database (U.S. Bureau of the Census data).

**4.4 Area Income**

Jackson County's average household income ranks below that of the Kansas City, MO-KS MSA. Projections for Jackson County, the MSA and the State of Missouri reflect slight expected gains in average annual household income between 2015 and 2020. The City has an average household income greater than all profiled geographies in 2015. By 2020 the Kansas City MO-KS MSA average household income is expected to surpass the City.

**Current and Projected Average Household Incomes, Estimate and Projection**

	2015	2020	% Change 2015-2020
Blue Springs, MO	\$74,158	\$74,418	0.1%
Jackson County, MO	\$60,583	\$62,286	0.6%
Kansas City, MO-KS MSA	\$73,853	\$77,920	1.1%
State of Missouri	\$63,793	\$67,904	1.3%

Sources: Claritas; GAI.

The table on the following page showing per capita income from 2000 to 2013 reflects the most recent income data from the U.S. Bureau of Economic Analysis (BEA). The average annual percentage change in per capita income from 2000 to 2013 is about the same in Jackson County as in the Kansas City, MO-KS MSA. All geographies overall showed steady positive growth except for the recessionary period, from which incomes already appear to be recovering.

**Per Capita Income, 2000 – 2013**

	2000	2001	2002	2003	2004	2005	2006	
Jackson County, MO	\$29,928	\$30,951	\$31,510	\$32,137	\$33,190	\$34,420	\$36,290	
Kansas City, MO-KS MSA	\$32,430	\$33,160	\$33,616	\$34,160	\$35,414	\$36,584	\$38,931	
Missouri	\$28,006	\$28,786	\$29,343	\$30,358	\$31,724	\$32,716	\$34,429	
								<b>% Annual Change</b>
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2000 - 2013</b>
Jackson County, MO	\$37,902	\$39,168	\$38,460	\$38,765	\$39,640	\$41,557	\$41,965	2.4%
Kansas City, MO-KS MSA	\$40,777	\$42,696	\$41,145	\$41,285	\$43,199	\$45,006	\$45,558	2.5%
Missouri	\$35,841	\$37,401	\$36,417	\$36,606	\$38,016	\$39,933	\$40,663	2.7%

Sources: U.S. BEA [http://www.bea.gov/iTable/index\\_regional.cfm](http://www.bea.gov/iTable/index_regional.cfm); GAI.

#### 4.5 Implications

Jackson County is the most populated county within the Kansas City, MO-KS MSA. About 33% of the population within the metropolitan region lives in Jackson County. Growth in residential permits has been evident in Jackson County since 2010 which may be a sign that the area's housing market is stabilizing after the recession. Job growth in Jackson County has been getting stronger over the past three years. Along with the job market and residential construction market growing stronger, average household income is projected to rise through 2020. These signs of growth are positive indicators for a continued recovery from the recession.

## 5.0 INDUSTRY CONTEXT AFFECTING THE ANALYSIS

This section includes a discussion of historical trends in the retail and restaurant industries that provide context for the development climate in which the Project operates.

### 5.1 Trends in the National Retail Industry

During the recent recessionary years, select categories of retailing have experienced slowing rates of growth. This most recent recession offers an opportunity to trace the performance of retail in the course of prior recessions.

Until March of 2011, Mitsubishi Bank had followed discrete categories of same store retail sales. That work, going back to 1980, has enabled us to trace the impact of recessionary pressures immediately prior to, during, and following a particular recession. While there are cautions about paralleling past events, the length of the most recent recession (18 months) evokes the 16 month recession in 1981 to 1982 for which retail data are available. As the following table suggests, same store sales remained strong in this specific case.

**Nationwide Same Store Sales, 1981-82 and 2007-09 Recessions**

		<b>Percentage change in sales from same date previous year</b>
Recessionary period peak (start)	Jul-81	12.6%
Recessionary period trough (end)	Nov-82	6.7%
December, year recession ends	Dec-82	5.6%
11 months past trough	Oct-83	16.9%
Recessionary period peak (start)	Dec-07	-2.3%
Recessionary period trough (end)	Jun-09	-4.7%
December, year recession ends	Dec-09	2.4%
11 months past trough	May-10	2.3%

Sources: Mitsubishi Bank; GAI.

Although the impacts of other recessions (1990 and 2001) varied from those above, the overall performance remained positive during and following these declines. The 2007-09 recession was different in that performance during the decline was actually negative, not just a lower positive number than pre-recession years. Since the 2007-09 recession marks the most substantial and radical of the last three recessions, it follows that the economy has been very slow to recover. The usual spike in spending upon the end of the recession was not seen in 2010 as some economists may have expected.

Except during the last six years (2008-14), Mitsubishi Bank's reporting history included the sales of Walmart which, in the very earliest years, were probably not much of a factor in gauging the retail industry's performance. In the middle of 2008, Mitsubishi Bank modified its data to reflect sales activity without Walmart, adjusting its report to a 1992 base year. Both the longer and shorter periods of same store sales are provided in the following table. After Mitsubishi Bank halted its continued reporting of same store sales in March of 2011, GAI turned to the International Council of Shopping Centers (ICSC) for this data. ICSC data matched historically with the Mitsubishi Bank data so the same table was continued with ICSC data after Mitsubishi Bank discontinued providing the monthly measurement.

**Annual Trends in Same Store Sales Percentage Increase/Decrease  
From Previous Year, 1980-2014**

<b>Year</b>	<b>Includes Walmart</b>	<b>Excludes Walmart</b>	<b>Economic Cycle</b>
1980	6.5%	N/A	<b>Recession:</b> January, 1980 - July, 1980
1981	11.6%	N/A	<b>Recession:</b> July, 1981 - November, 1982
1982	5.1%	N/A	<b>Recession:</b> July, 1981 - November, 1982
1983	13.7%	N/A	
1984	11.3%	N/A	
1985	6.9%	N/A	
1986	5.1%	N/A	
1987	5.3%	N/A	
1988	4.3%	N/A	
1989	5.6%	N/A	
1990	4.3%	N/A	<b>Recession:</b> July, 1990 - March, 1991
1991	2.8%	N/A	<b>Recession:</b> July, 1990 - March, 1991
1992	6.0%	N/A	
1993	3.6%	3.2%	
1994	4.2%	3.8%	
1995	2.7%	2.0%	
1996	3.1%	2.8%	
1997	4.6%	4.0%	
1998	5.8%	4.7%	
1999	6.7%	6.2%	
2000	4.0%	3.6%	
2001	2.6%	1.0%	<b>Recession:</b> March, 2001 - November, 2001
2002	3.1%	1.6%	
2003	2.9%	2.8%	
2004	4.0%	4.0%	
2005	3.9%	4.0%	
2006	3.8%	4.8%	
2007	2.4%	2.6%	<b>Recession:</b> December, 2007 - June, 2009
2008	N/A	-1.1%	<b>Recession:</b> December, 2007 - June, 2009
2009	N/A	-1.9%	<b>Recession:</b> December, 2007 - June, 2009
2010	N/A	3.3%	
2011	N/A	4.7%	
2012	N/A	1.9%	
2013	N/A	3.3%	
2014*	N/A	4.4%	

Sources: Mitsubishi Bank; International Council of Shopping Centers (ICSC) Chain Store Trend Reports; The Retail Economist, LLC; and GAI.

\* Note: Change in data source to The Retail Economist, LLC.

Mitsubishi indicates a drop in same store sales which began in late 2007 continued into 2009 until there were more than 24 months of decline seen in year over year sales. The recessionary years of 2008 and 2009 showed drops in sales of between -1% and -2%. Sales have rebounded well since that time, particularly in 2010, 2011, 2013, and 2014.

ICSC data also provides some history of sales activity. Following the long period of sales decline from August 2008 through August 2009, sales started rising again in September 2009. Same store sales

have continued to remain positive through all of 2010, 2011, 2012, 2013 and 2014 with the one exception of November 2012.

**Same Store Sales Percentage Increase/Decrease from Previous Year,  
Month by Month, January 2008 - December 2014**

<b>Month</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014 *</b>
Jan	0.2%	-4.8%	3.0%	4.7%	2.7%	4.5%	3.3%
Feb	1.2%	-4.3%	3.7%	4.2%	4.1%	1.7%	2.2%
Mar	-2.3%	-5.1%	9.0%	2.0%	4.1%	1.4%	2.9%
Apr	3.3%	-2.7%	0.8%	8.5%	0.6%	3.0%	6.2%
May	1.4%	-4.6%	2.6%	5.4%	1.7%	3.4%	4.6%
Jun	1.9%	-5.1%	3.0%	6.9%	0.2%	4.1%	5.3%
Jul	1.3%	-5.0%	2.8%	4.6%	1.9%	4.2%	4.8%
Aug	-0.1%	-2.0%	3.0%	4.8%	2.6%	3.6%	4.8%
Sep	-1.0%	0.6%	2.6%	5.5%	0.9%	3.5%	5.0%
Oct	-4.2%	2.1%	1.6%	3.7%	2.3%	4.1%	4.1%
Nov	-7.7%	-0.2%	5.4%	2.8%	-0.1%	2.1%	5.0%
Dec	-4.6%	3.6%	3.1%	3.5%	2.7%	3.4%	4.9%
<b>Annual</b>	<b>-1.1%</b>	<b>-1.9%</b>	<b>3.3%</b>	<b>4.7%</b>	<b>1.9%</b>	<b>3.3%</b>	<b>4.4%</b>

Sources: Mitsubishi Bank; International Council of Shopping Centers (ICSC) Chain Store Trend Reports; The Retail Economist, LLC; and GAI.

\* Note: Beginning June 2014 a change in data source to The Retail Economist, LLC.

Looking ahead, the length of the positive trends suggests stabilization over the term of the analysis, either imposed through the market itself or by the orderly management of individual retailers.

The table on the following page indicates monthly sales for retail and food/beverage categories from January through December for 2013 and 2014.

**Estimates of Year-to-Date Sales, 2013 and 2014**

	Retail*	Eating and Drinking Estab.	Total	% change Month over Month
<b>2013</b>				
Jan	\$293,282,000,000	\$44,890,000,000	\$338,172,000,000	
Feb	\$296,507,000,000	\$44,554,000,000	\$341,061,000,000	0.9%
Mar	\$293,888,000,000	\$44,650,000,000	\$338,538,000,000	-0.7%
Apr	\$292,894,000,000	\$44,900,000,000	\$337,794,000,000	-0.2%
May	\$294,433,000,000	\$44,530,000,000	\$338,963,000,000	0.3%
Jun	\$294,802,000,000	\$44,254,000,000	\$339,056,000,000	0.0%
Jul	\$296,916,000,000	\$44,518,000,000	\$341,434,000,000	0.7%
Aug	\$295,772,000,000	\$44,638,000,000	\$340,410,000,000	-0.3%
Sep	\$297,369,000,000	\$44,939,000,000	\$342,308,000,000	0.6%
Oct	\$298,110,000,000	\$45,498,000,000	\$343,608,000,000	0.4%
Nov	\$296,071,000,000	\$46,393,000,000	\$342,464,000,000	-0.3%
Dec	<u>\$299,315,000,000</u>	<u>\$45,800,000,000</u>	<u>\$345,115,000,000</u>	0.8%
<b>Total</b>	<b>\$3,549,359,000,000</b>	<b>\$539,564,000,000</b>	<b>\$4,088,923,000,000</b>	
<b>2014</b>				
Jan	\$298,102,000,000	\$45,346,000,000	\$343,448,000,000	-0.5%
Feb	\$298,033,000,000	\$45,922,000,000	\$343,955,000,000	0.1%
Mar	\$300,460,000,000	\$46,708,000,000	\$347,168,000,000	0.9%
Apr	\$302,641,000,000	\$46,584,000,000	\$349,225,000,000	0.6%
May	\$303,411,000,000	\$47,086,000,000	\$350,497,000,000	0.4%
Jun	\$304,971,000,000	\$47,252,000,000	\$352,223,000,000	0.5%
Jul	\$305,298,000,000	\$47,501,000,000	\$352,799,000,000	0.2%
Aug	\$306,006,000,000	\$47,853,000,000	\$353,859,000,000	0.3%
Sep	\$305,842,000,000	\$48,351,000,000	\$354,193,000,000	0.1%
Oct	\$305,946,000,000	\$49,062,000,000	\$355,008,000,000	0.2%
Nov	\$306,199,000,000	\$49,390,000,000	\$355,589,000,000	0.2%
Dec	<u>\$302,430,000,000</u>	<u>\$50,067,000,000</u>	<u>\$352,497,000,000</u>	<u>-0.9%</u>
<b>Total</b>	<b>\$3,639,339,000,000</b>	<b>\$571,122,000,000</b>	<b>\$4,210,461,000,000</b>	<b>3.0%</b>

Sources: U.S. Census Bureau, Advance Monthly Sales for Retail and Food Services; and GAI. Seasonally Adjusted Sales – Monthly [Millions of Dollars]

\* Retail excludes motor vehicles, parts, etc.

The table above shows sales estimates for every month in 2013 compared to the same time frame in 2014. This month over month comparison shows that sales in the retail and restaurant sectors are growing in 2014 when compared to sales for the same months in 2013. The year over year growth shows a 3.0% increase.

Over the last several years, annualized changes in retail sales appear to have been largely a function of both inflation and new store openings. Although not all stores survived the recent downturn, there is evidence that the industry has continued to expand even if only modestly following the recession. Indeed, sales figures are modestly ahead of inflation even as many retailers have closed stores. What remains speculative is the rate of future growth and the speed at which spending mounts as the economy continues to recover. Based on the more recent data available so far, sales are increasing between 2% and 5% annually based on the type of sales being measured and appear to have gone back to a more normal growth pattern seen in the pre-recession years.

Within the broad retail sector are several giants, identified by Stores magazine, that dominate the whole of the industry. In 2013, the most recent year for which comparable information is available, the top 25 retailers generated nearly \$1.3 trillion in annual sales within the U.S. Among the top 25 largest retailers are a variety of home improvement, department, discount, and grocery stores that have come to define the face and focus of retail trade throughout the world.

**Selected Information on Top 25 Retailers (2014 Rankings based on 2013 Sales)**

Rank	Store	Sales 2013 (000)	% Change in Sales Y/Y	Number of Stores
1	Wal-Mart	\$334,302,000	1.70%	4,779
2	Kroger	\$93,598,000	1.60%	3,519
3	Costco	\$74,740,000	5.20%	447
4	Target	\$71,279,000	-0.90%	1,793
5	The Home Depot	\$69,951,000	6.60%	1,965
6	Walgreens	\$68,068,000	1.30%	7,998
7	CVS Caremark	\$65,618,000	3.10%	7,621
8	Lowe's	\$52,210,000	3.60%	1,717
9	Amazon.com	\$43,962,000	27.20%	N/A
10	Safeway	\$37,534,000	-3.70%	1,335
11	McDonald's	\$35,856,000	0.70%	14,267
12	Best Buy	\$35,766,000	-1.20%	1,492
13	Publix	\$28,917,000	5.20%	1,273
14	Macy's	\$27,868,000	0.90%	837
15	Apple Stores / iTunes	\$26,648,000	11.00%	254
16	Sears Holdings	\$26,614,000	-13.40%	1,905
17	Ahold USA / Royal Ahold	\$26,118,000	1.10%	767
18	Rite Aid	\$25,526,000	0.50%	4,587
19	TJX	\$20,923,000	7.70%	2,454
20	H-E-B	\$19,683,000	8.10%	311
21	Albertsons	\$19,452,000	432.70%	1,024
22	Kohl's	\$19,031,000	-1.30%	1,158
23	Delhaize America	\$18,817,000	0.10%	1,514
24	YUM! Brands	\$18,144,000	1.00%	18,106
25	Dollar General	\$17,504,000	9.20%	11,132
Total		\$1,278,129,000		92,255

Sources: National Retail Federation; GAI.

\* Sales and store data is from 2013.

Included in the companies on this list is Walmart, which is seen as an icon in the retailing industry. This group is relatively diverse, representing hard goods (appliance, furniture, building materials) and soft goods (primarily fashion and other non-durables).

Walmart is clearly the industry leader. Walmart is among the largest companies in the U.S., eclipsing General Motors several years ago as the single largest corporation. Solidly in the number one spot, Walmart has over 3.5 times the sales as Kroger, the company that ranks number two.

Potentially atypical in its size, Walmart does indicate the power of America's retailing industry. Unlike Sears Holdings which has a 100 year operating history, Walmart dates only to 1962. Target, Kohl's, Best Buy, and others are relatively new players among the group of giants. Target, for example, opened its first store in 1962 and its first superstore in 1999.

## 5.2 Trends in the National Restaurant Industry

On the restaurant front, the patterns of business activity are similar to those experienced by the nation's leading retail chains. That is, a handful of giant operators set the tone for the balance of the food service industry. As presented in the following table, there were seven food services corporations represented in the National Retail Federation 2014 ranking of America's 100 largest retailer corporations, which is based on audited 2013 sales information.



**National Retail Federation 2014 Restaurant Rankings of 100 Largest Retailers Based on 2013 Sales**

Rank	Store	Sales 2013 (000)	% Change Sales Y/Y	Number of Stores
11	McDonald's	\$35,856,000	0.70%	14,267
24	YUM! Brands	\$18,144,000	1.00%	18,106
31	Subway	\$12,861,000	5.10%	26,644
42	Starbucks	\$9,631,000	9.40%	11,513
45	Wendy's	\$9,083,000	0.50%	5,791
49	Burger King	\$8,509,000	-1.20%	7,155
53	Darden Restaurants	\$7,967,000	-3.00%	2,157
76	Chik-Fil-A	\$5,191,000	12.40%	1,775

Notes: Yum Brands : KFC, Taco Bell, and Pizza Hut;  
Darden Restaurants: Olive Garden, Longhorn, Capital Grille, Bahama Breeze, Eddie V's, and Seasons 52

Sources: National Retail Federation, <http://nrf.com/2014/top100-table>; GAI.  
\* Sales and store data is from 2013.

As with the major retailers, a single name stands well above the rest in terms of universal name recognition, scale, and production. McDonald's revenues are almost twice those of Yum Brands, which includes three recognizable chain names: KFC, Taco Bell, and Pizza Hut. Although there are some full service casual restaurants, the list of giants is dominated by fast food outlets such as Taco Bell and Chick-fil-A which provide a narrow range of menu options and virtually no alcohol. It is likely Darden Restaurant chain has slipped from the top tier from when these rankings were produced for 2013. The chain has struggled in recent years and sold its Red Lobster restaurants in 2014.

Restaurants have become an important and essential ingredient of the American lifestyle. According to the National Restaurant Association, the restaurant industry's share of the U.S. food dollar has grown from 25.0% in 1955 to 47.0% in 2013. It is highly likely that the slowdown in growth in 2008 and 2009 (shown in the table on the following page) was due to an effort by the general population to be more fiscally conservative during the recession. As these changes occur, new concepts and formats attempt to respond.

The table on the following page provides a historical trend analysis, on a national level, estimating the annual revenue for the restaurant industry. These figures are compiled annually by the U.S. Census Bureau in an effort to benchmark sales. Annual revenue growth in every year profiled in the following table exceeds the annual growth of the CPI, except for 2008 to 2009 which were recessionary years. Between 2010 and 2014 the growth percentage is once again beyond that of inflation.

**Restaurant Industry, Retail Trends, 1996 – 2014**

Year	Retail Sales	Avg.	CPI
1996	\$242,245,000,000	4.0%	3.0%
1997	\$257,364,000,000	6.2%	2.3%
1998	\$271,194,000,000	5.4%	1.6%
1999	\$283,900,000,000	4.7%	2.2%
2000	\$304,261,000,000	7.2%	3.4%
2001	\$316,638,000,000	4.1%	2.8%
2002	\$330,525,000,000	4.4%	1.6%
2003	\$349,726,000,000	5.8%	2.3%
2004	\$373,557,000,000	6.8%	2.7%
2005	\$396,463,000,000	6.1%	3.4%
2006	\$422,786,000,000	6.6%	3.2%
2007	\$444,551,000,000	5.1%	2.8%
2008	\$456,102,000,000	2.6%	3.8%
2009	\$451,070,000,000	-1.1%	-0.4%
2010	\$466,591,000,000	3.4%	1.6%
2011	\$494,807,000,000	6.0%	3.2%
2012	\$524,098,000,000	5.9%	2.1%
2013	\$539,610,000,000	3.0%	1.5%
2014	\$570,702,000,000	5.8%	1.6%

Sources: U.S. Census Bureau; GAI.  
CPI = Avg.-Avg. Federal BLS website: <ftp.bls.gov/pub/>  
Not seasonally adjusted.

There is a high degree of competition in the food and beverage industry which historically has seen low profit margins. The industry is dependent on discretionary spending, and many participants in the industry have pursued growth through acquisition in lieu of building new units. This provides a larger revenue base over which to spread costs and leverage to keep supplier costs down.

*Restaurants and Institutions* has published an annual list of the 400 largest grossing restaurant chains in the world. The most recent information indicates the 100 largest chains – oriented primarily but not exclusively to the fast food segment – account for about 88.0% of aggregate top 400 sales, a percentage that has been relatively constant for several years. The recession may have caused some stars to fade but the mix is still likely to favor these largest chains. The remaining restaurants compete heavily for the balance of sales but some are sufficiently large to be recognized as investment grade operations.

### 5.3 Implications

Recent indicators for same store sales suggest signs of improvement generally from 2010 through the present. In the early years of the recovery the benchmark against which growth was measured included much weaker performance in recessionary periods. However, growth in more recent years has been benchmarked against more typical sales performance. For 2010 through 2014 the retail and restaurant industries are both showing gains above that of normal inflation, demonstrating some stability after the sharp decline in sales in 2009. Giant national restaurant chains are known to set the tone for the balance of the food service industry, and have been showing positive revenue gains since 2010. What the national data does not show, in any case, is that certain retailers have more market penetration and continue to outperform their competitors.

## 6.0 METROPOLITAN MISSOURI RETAIL CONDITIONS

Sections 3.0 and 4.0 discussed the national economic environment and national retail trends. This section focuses on that information in the context of the local and regional areas providing market support to the retail and restaurant functions that are available in the Project.

### 6.1 Regional Retail Sales

Retail data more specific to the Kansas City regional area is difficult to acquire for a number of reasons, principal among them the bifurcation of the geographic area itself between two different states with varied methods of collection and reporting. Comprised of 15 counties, the metro area has varied jurisdictions and tax rates, but they work together to form a composite of retail activity and retail spending which is occurring in the region.

Recognizing inherent limitations in the data and focusing on discrete categories of sales activity, we have summarized selected data from the Missouri Department of Revenue to show trends and performance benchmarks from 2006 to 2014. In Missouri, the data is available only for total taxable sales activity so interpretation is more restricted. Here, we focused on taxable sales activity in Jackson, Cass, Clay and Platte counties, as the largest jurisdictions comprising the Missouri portion of the defined metropolitan area.

The following table shows total taxable sales which include all business sectors required by law to collect sales tax.

**Total Taxable Sales in Selected Missouri Counties, 2006 – 2014**

	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Total Taxable Sales</b>									
Jackson	\$9,078,194,070	\$9,225,905,659	\$9,151,109,311	\$8,588,380,682	\$8,719,295,990	\$9,019,746,236	\$9,323,552,072	\$9,428,515,705	\$10,062,723,123
Clay	\$3,063,341,210	\$3,097,798,779	\$3,089,280,502	\$2,839,003,200	\$2,880,741,548	\$2,971,353,449	\$3,114,996,446	\$3,166,908,061	\$3,411,680,180
Platte	\$1,574,637,695	\$1,651,329,423	\$1,790,449,792	\$1,678,393,959	\$1,675,842,338	\$1,753,981,951	\$1,821,812,761	\$1,842,629,783	\$1,934,565,317
Cass	\$1,009,466,014	\$1,040,357,254	\$1,026,466,960	\$1,007,760,720	\$1,022,526,355	\$1,030,405,058	\$1,036,853,816	\$1,046,515,843	\$1,146,260,561
<b>Average Monthly Sales</b>									
Jackson	\$756,516,172	\$768,825,472	\$762,592,443	\$715,698,390	\$726,607,999	\$751,645,520	\$776,962,673	\$785,709,642	\$838,560,260
Clay	\$255,278,434	\$258,149,898	\$257,440,042	\$236,583,600	\$240,061,796	\$247,612,787	\$259,583,037	\$263,909,005	\$284,306,682
Platte	\$131,219,808	\$137,610,785	\$149,204,149	\$139,866,163	\$139,653,528	\$146,165,163	\$151,817,730	\$153,552,482	\$161,213,776
Cass	\$84,122,168	\$86,696,438	\$85,538,913	\$83,980,060	\$85,210,530	\$85,867,088	\$86,404,485	\$87,209,654	\$95,521,713

Source: Missouri Department of Revenue, Public Taxable Sales Reports; GAI.

The City is located in Jackson County. This County represents about one-third of the region's population. Between 2006 and 2014, total taxable sales in Jackson County grew at an average of 1.5% annually. In recent years, between 2009 and 2014 taxable sales in Jackson County have averaged an annual increase of 3.2%.

Although retail activity was challenged in prior periods at virtually every level, it has shown some stability and growth recently in selected segments in the areas described. What is particularly noteworthy is that in Jackson County, where the retail inventory is dependent upon regional support to bolster sales, the average monthly retail volume has grown every year since 2009. Nearby Cass, Clay and Platte counties showed similar increases in retail volume, indicating there may be strength in the region. Food service as an industry also showed increases for the time period studied.

## 6.2 Structure of the Local Retail Marketplace

In 2014, the retail inventory of space in the Kansas City, MO-KS MSA within centers comprised of more than 50,000 SF totaled approximately 65,559,000 SF and was about 90.0% occupied. The concentration and distribution of that inventory are shown in the following table.

Submarket	2013 SF	2014 SF	% Change	2013	2014
				Occupancy Rate	Occupancy Rate
Northwest Kansas City	4,153,016	4,161,866	0.21%	94.2%	94.7%
Northeast Kansas City	8,267,335	8,308,515	0.50%	92.0%	89.7%
Central Kansas City	2,283,462	2,283,462	0.00%	95.1%	96.0%
South Kansas City	4,891,595	4,891,595	0.00%	88.2%	88.6%
Southeast Trade Area	5,324,042	5,332,542	0.16%	89.6%	91.4%
East Jackson County	11,049,234	11,090,234	0.37%	90.3%	91.5%
North Johnson County	11,734,861	11,734,861	0.00%	89.8%	88.2%
South Johnson County	13,025,177	13,315,169	2.23%	90.1%	89.9%
Wyandotte County	4,328,405	4,440,405	2.59%	80.3%	81.2%
<b>Total Metro Area</b>	<b>65,057,127</b>	<b>65,558,649</b>	<b>0.77%</b>	<b>89.9%</b>	<b>89.8%</b>

Source: LANE4 Kansas City Retail Report, 2015

From 2013 to 2014, the Kansas City, MO-KS MSA saw the metropolitan retail inventory increase by about 502,000 square feet, resulting in a 0.8% increase of retail space in the regional area. During the same time period, the East Jackson County market, which encompasses the City, had an increase of 41,000 square feet in retail inventory, representing a 0.4% change from 2013.

The East Jackson County market accounts for approximately 17% of the total retail space in the metro area. Occupancy rates for the East Jackson County market were higher than the metro area as a whole, as well as all but one of the other submarkets within the Kansas City area.

## 6.3 Major Retail Areas near the Project

Retail options outside of the Project area that are most accessible to local residents are concentrated around other I-70 interchanges.

About one mile west of Adam's Dairy Landing and still within the City is the Route 7/I-70 interchange. Operators around or near this interchange include:

- ▶ Gas stations
- ▶ Hotels
- ▶ Blue Springs 8 Movie Theater
- ▶ Bowling alley
- ▶ Walgreen's Drug Store
- ▶ Banks
- ▶ Hardware and auto parts stores
- ▶ Restaurant and fast food chains such as Subway, Backyard Burger, Bob Evans, Denny's, Applebee's, McDonald's, Jack-in-the-Box, Long John's Silver's, Wendy's, Einstein Bagel's, Jimmy John's subs, Starbuck's.

- ▶ Copperleaf Village: Renovated retail center totaling about 33,000 SF. Includes uses such as a dance studio, chiropractor, insurance agency, hair and nail salons, Russell Stover's, family medical practice, and Thai restaurants, along with a significant amount of vacant space.
- ▶ Hobby Lobby
- ▶ Office Depot
- ▶ Hy-Vee Shopping Plaza: Redevelopment of abandoned K-Mart. Users include Hy-Vee grocery store, with a Big Lots and Planet Fitness.
- ▶ White Oak Plaza: Older center built in the 1970's with such users as Radio Shack, Dollar General, Beauty Brands, thrift stores, hair and nail salon, plus a significant amount of vacant space. A TIF redevelopment area was approved in 2014 for redevelopment and construction of a grocery store.

The next interchange to the west is I-70/Woods Chapel Road, about three miles from the Project. This area has less concentrated development than what is found on Route 7. Operators are similar to what was noted at Route 7 and include:

- ▶ Restaurant and fast food chains such as McDonald's, Pizza Hut, Waffle House, Subway, KFC/Taco Bell
- ▶ Gas stations
- ▶ Hotels
- ▶ King's Ridge Shopping Center: Older retail center including hair and nail salon, Chinese restaurant, beauty supply shop, plus a significant amount of vacant space.

The most significant amount of retail and restaurant space adjacent to I-70 in this area of the County is located at the Independence interchanges of I-70/I-470 and I-70/Little Blue Parkway, which is about five miles from the Project. Individual operators in this area are too numerous to mention in a comprehensive list but the largest properties include:

- ▶ Independence Center (enclosed mall including Dillard's, Macy's, Sears, American Eagle, Bath & Body Works, Sephora, Helzberg Diamonds, Hollister, Kay Jewelers, Old Navy)
- ▶ Independence Commons (AMC Independence Commons 20 movie theater, Marshall's, Best Buy, Office Max, Kohl's, Barnes and Nobles, Rue 21, Justice for Girls)
- ▶ Bolger's Square (Target, JC Penney, Dick's Sporting Goods, 24 Hour Fitness, Jo Ann Fabrics)
- ▶ Walmart
- ▶ Sam's Club
- ▶ Pet Smart
- ▶ Falls at Crackerneck Creek (Bass Pro Shop, Mardel, Hobby Lobby, Stoney Creek Hotel and Conference Center – opened in March 2015)
- ▶ Costco
- ▶ Lowe's
- ▶ CarMax
- ▶ Hotels
- ▶ Restaurant and fast food chains such as McDonald's, Chipotle, Red Robin, Panera Bread, Golden Corral, El Maguey, Hooter's, Kobe Steakhouse, Carrabba's, Outback, Wendy's, I-HOP, Arby's, Cheddar's, Perkin's, Taco Bell, Bob Evan's, Longhorn Steakhouse, TGI Friday's, Chili's,

Chick-fil-A, Logan's Roadhouse, Burger King, Sonic, On-the-Border, Joe's Crab Shack, Buffalo Wild Wings, Cold Stone Creamery.

Heading east approximately three miles on I-70, the next interchange is Grain Valley at Buckner Tarsney Road. The City of Grain Valley has established a TIF redevelopment area around this interchange that could ultimately approach about 500,000 square feet of retail and restaurant space. However, this area has been in planning for a number of years and at this time, the only relatively recent additions include the B&B 8 screen movie theater, a Casey's convenience store and a McDonald's. Other uses at this interchange include a Sonic restaurant, a gas station with a Subway sandwich shop, a bank building, America's Best Value Inn and the Grain Valley City Hall and Community Center. Given the proximity of this site to the large concentration of retail in the Project area, it could be some time before any significant development occurs.

The largest concentration of existing retail within the City of Grain Valley is in Old Towne Marketplace, which is located south of the I-70 interchange at the intersection of Buckner Tarsney Road and SW Eagles Parkway. That center was built in 2003 and contains about 87,000 SF of space. Major tenants include:

- ▶ Dollar General
- ▶ Patricia's Grocery
- ▶ El Maguey Mexican Restaurant
- ▶ Sear's Hometown Store
- ▶ Premium Oil and Lube (outparcel)
- ▶ Red Cross Pharmacy and State Farm Insurance (outparcel)
- ▶ Others including a pizza restaurant, Chinese restaurant, Subway sandwich shop, Edward Jones financial advisors and a CPA

There were some vacancies within the center but they appear to be limited. The Old Towne Marketplace is also located within a TIF redevelopment area in Grain Valley. There appears to be excess land available for expansion adjacent to the center. A Casey's gas station/convenience store is located on the east side of Buckner Tarsney Road across from Old Towne.

Although not on I-70, the Lee's Summit area is easily accessible from Adam's Farm and is located about 14 miles south and west of the Project off of I-470. As with the Independence area near I-70, Lee's Summit has a significant amount of retail, restaurants and big box shopping options. The area around I-470 and Douglas Street includes:

- ▶ B&B's Lee's Summit 16 movie theater
- ▶ Douglas Station: Starbuck's, Pizza, Thai and Seafood restaurants, miscellaneous retail and services.

The I-470 and US 50/MO 350 interchange includes several retail centers and major tenants in newer retail centers that either were developed or will be developed by principals of RED.

- ▶ Summit Woods Crossings (801,000 SF):
  - Includes Kohl's, Bed Bath & Beyond, Bath & Body Works, Old Navy, TJ Maxx, Office Depot, Michael's, Dick's Sporting Goods, Best Buy, Target, Lowe's, PetCo, Famous Footwear, Payless Shoes, Claire's, Eddie Bauer Outlet, Lane Bryant, Men's Wearhouse, Kirkland's, Justice, Claire's, Ulta, Mattress Firm, Pier 1 Imports, Helzberg Diamonds, Scotttrade, GNC, Bonchon Chicken, Subway, Spin Neapolitan Pizza, Roxberry Juice, PepperJax Grill, Panda

Express, Buffalo Wild Wings, Chipotle, Bob Evan's, Chili's, Jason's Deli, Longhorn Steakhouse, On-the-Border, Panera Bread, 810 Zone, Starbucks, Dickey's Barbeque Pit, and Jack Stack BBQ.

▶ Summit Fair (500,000+/- SF):

- Includes JC Penney, Macy's, Dress Barn, Buckle, Beauty Brands, Maurice's, Francesca's, Jos. A. Banks, CATO, Charlotte Russe, DSW, IO Metro, Charming Charlie, Chico's, Christopher & Banks, Crazy 8, Escapist Skateboarding, Freebirds, LOFT, Sleep Number, Sports Nutz, White House Black Market, The Children's Place, Tip Top Tux, Visionworks, Micah's Boutique, Yankee Candle, Olive Garden, Red Lobster, Chick-fil-A, McAllister's Deli, Sakura Sushi Asian Bistro, Complete Nutrition, Smallcakes, and Victoria's Secret. Also, Torrid will open in late summer.
- The Developer reportedly has 2-3 more national tenants coming in to the Project that would be housed in a new building constructed on-site totaling approximately 40,000 square feet, which would be in addition to the total square footage for the Project noted earlier.

▶ Summit Place (400,000+/- SF):

- Located north of Lee's Summit Technology Center.
- In discussions with a major discount retailer to locate at this site.
- Received initial City approval in July 2014 and plan to start construction in the Fall of 2015.

## 6.4 Implications

Retail activity has shown some stability and positive growth in selected segments in Jackson County over the last three years. From 2009 to 2014, total taxable sales in Jackson County have grown at an average rate of approximately 3.2% annually. For the 2013 to 2014 period, taxable sales growth rates were at a very strong 6.7%. Nearby Cass, Clay and Platte counties showed similar increases in retail volume, indicating there may be strength in the region. Food service sales also showed increases for the time period studied.

The most significant concentration of retail space near the Project is in Independence, about five miles west of the Project. Although there are the same or similar operators in Independence to what are currently in the Project and its immediate area, their presence does not appear to have impaired sales at the subject site. The City has shared sales history for all operators within the Project since inception, and the sales performance at these operators has generally been good. We do not believe that these competing locations will significantly impact the performance of the Project's retailers going forward. In many cases, the distances from the subject site, particularly for those retail areas more distant than Independence, is enough that the overlap for local resident business should not be significant.



## 7.0 CID SPECIAL ASSESSMENT PROJECTIONS

Within this analysis, there is one primary revenue category projected: the CID Special Assessments. The CID Special Assessments are levied against each commercial building that is located within the boundaries of the CID. The levy rate of the CID Special Assessments is \$1.00 per square foot of building area. These CID Special Assessments are collected by the Jackson County Collector with the annual tax bills and the proceeds are remitted to the City. The CID Special Assessments pledged to the payment of the Series 2015 Bonds are the proceeds of the Special Assessments received by the City through the Jackson County Collector on or after the Bond Issuance Date of the Series 2015 Bonds.

The CID Special Assessments will not expire until the earlier of the termination of the CID or fifty (50) years from the date of the CID's creation (July 21, 2008). For the purpose of this analysis, we have projected the CID Special Assessment revenues through the year 2045. We understand that the Developer has agreed to covenants that stipulate that until final payment of the Bonds, they will not take any action to destroy any building owned by Developer that is subject to the CID Special Assessments unless the net effect of the destruction (i) will not result in an reduction in the aggregate building floor area of all buildings subject to the CID Special Assessments to less than 383,615 SF, (ii) will not result in a reduction in the amount of CID Special Assessments collected or (iii) will result in a reduction in the amount of CID Special Assessments collected, but the amount of that reduction is paid to the Trustee by Developer on or before the date the CID Special Assessments are due; provided that in the event of damage, destruction or other casualty to any portion of the buildings, the Developer shall not be in violation of this provision due to temporary reduction in gross building floor area when it is using commercially reasonable efforts to restore, replace, or rebuild such buildings. Therefore, it is unlikely that our projections would deviate from the current development, which we believe to be the "most likely" outcome.

Specifically, our projections reflect building square footages and associated revenues that could be achieved at the Project within the CID boundaries now and in the future with the continued operation of the existing buildings, tenants and operators. GAI has assumed the Project will continue to be operated in manner similar to the current situation. If there are significant changes within the CID, the estimates presented herein could be materially impacted.

### 7.1 Major Assumptions for Projections

The following assumptions apply broadly across the Project and this analysis:

- ▶ As noted, we assume that the Project will continue to be operated in a manner similar to the current situation, with all identified buildings and tenants included in the program and open as represented. If changes to the program occur, our estimates could be materially impacted.
- ▶ The City and Developer provided GAI with historical building and property data for each operator and parcel in the Project, dating back to the start of the Project in 2009. Using this data along with current development plans and square footages, GAI calculated the assessments accordingly.
- ▶ Although approximately 8.15% of the building space is currently available space, all of the buildings within the Project containing existing operators have been built. As such, 100% of the building square footages shown in the "Tenant List" starting on page 4 are subject to the CID Special Assessment.
- ▶ According to the Developer, there are an additional six pad sites to be built. However, they have not been considered as a part of this analysis. If built as planned they would add to the future CID Special Assessment revenue.



- ▶ City administrative fees, certain collection fees, and other applicable City and CID expenses have not been deducted from our revenue projections. These fees and expenses will be incorporated into the underwriter's estimates.
- ▶ The CID Special Assessments will be collected each year by the Jackson County Collector with the annual tax bills, and the Jackson County Collector will retain 1.0% of such collections as its collection fee. This collection fee has been deducted from the CID Special Assessment Revenue in the table on the following page.
- ▶ We understand the 2014 CID Special Assessment of \$383,615 billed in 2014 has already been collected and was paid to the City in early 2015.
- ▶ The CID Special Assessment revenues are available to support the Series 2015 Bonds from 2016 through 2045. Although the 2015 collections are shown in the table on the following page, we understand the 2015 collections will be paid to the Developer.

## 7.2 Summary of CID Special Assessment Projections

Based on the assumptions and methodology discussed herein, the table on the following page summarizes the CID Special Assessment revenues available to support the Series 2015 Bonds, which will be used to reimburse the developer for CID reimbursable project costs incurred in the development and construction of the Project. As stated above, applicable fees and expenses (with the exception of the Jackson County Collector's fees) have not been deducted from our revenue projections shown below.

**Total CID Special Assessment Revenue Distribution Summary**

Projection Year <sup>1</sup>	Square Footage	CID Special Assessment Rate per SF	Subtotal CID Special Assessment Revenue	Jackson County Collections Fee	Total CID Special Assessment Revenue
2015	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2016	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2017	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2018	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2019	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2020	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2021	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2022	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2023	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2024	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2025	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2026	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2027	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2028	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2029	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2030	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2031	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2032	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2033	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2034	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2035	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2036	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2037	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2038	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2039	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2040	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2041	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2042	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2043	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2044	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
2045	383,615	\$ 1.00	\$ 383,615	\$ (3,836)	\$ 379,779
<b>Total</b>			<b>\$ 11,892,065</b>	<b>\$ (118,916)</b>	<b>\$ 11,773,149</b>

<sup>1</sup> Projection period is 2015 through 2045. However, the 2015 collections will be paid to the Developer.

## APPENDIX B

### 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:

“Accounts” means the accounts created pursuant to the Indenture.

“Additional Bonds” means any additional Bonds issued by the City pursuant to the Indenture.

“Administrative Office” means (i) with respect to the initial Trustee, for notice and administration purposes, initially, 1010 Grand Boulevard, 4th Floor, Kansas City, Missouri 64106, Attention: Corporate Trust Department, and (ii) with respect to any successor Trustee, its office for notice and administration purposes designated as such by the successor Trustee.

“Authorized City Representative” means the Mayor, City Administrator, Assistant 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 a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the City by the Mayor of the City. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties and exercise all powers of an Authorized City Representative.

“Authorized CID Representative” means the authorized representative of the CID designated to act on behalf of the CID as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the CID by its chief executive officer. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized CID Representative.

“Authorized Denominations” means, (a) with respect to the Series 2015 Bonds, \$5,000 or any integral multiple thereof, and (b) with respect to any Additional Bonds, the amount or amounts specified in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

“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.

“Bond” or “Bonds” means the Series 2015 Bonds and any Additional Bonds which may be issued under the Indenture, as amended.

“Bond Counsel” means Gilmore & Bell, P.C. or any other attorney or firm of attorneys reasonably acceptable to the Trustee having a national reputation for skill in connection with the authorization and issuance of municipal obligations in the State which may be counsel to the Trustee.

“Bond Documents” means the Indenture, the Financing Agreement, the Continuing Disclosure Agreement, the Cooperative Agreement, the Redevelopment Agreement and the Purchase Agreement.

“Bond Issuance Date” means the date of initial issuance and delivery of the Bonds.

“Bond Register” means the registration books of the City kept by the Trustee to evidence the registration and transfer of Bonds.

“Bond Registrar” means the Trustee when acting as bond registrar.

“Bond Reserve Fund” means the fund by that name created in the Indenture.

“Bond Reserve Requirement” means \$391,000 with respect to the Series 2015 Bonds, plus with respect to any series of Parity Bonds that are entitled to the benefit of the Bond Reserve Fund, the amount specified in the Supplemental Indenture relating to such Parity Bonds.

“Bondowner” or “Owner” or “Registered Owner” means the person in whose name such Bond is registered on the Bond Register.

“Business Day” means a day which is not (a) a Saturday or Sunday, (b) any other day on which banking institutions in New York, New York, or the city or cities in which the Administrative Office or Payment Office of the Trustee, are required or authorized to close or (c) a day on which the New York Stock Exchange or Federal Reserve Banks are closed.

“Cede & Co.” means Cede & Co., as nominee of The Depository Trust Company, New York, New York, or any successor nominee of the Securities Depository with respect to the Bonds.

“CID” means the Adams Dairy Landing Community Improvement District, its successors and assigns.

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

“CID Administrative Fee” means 1.0% of the CID Special Assessments retained by the City as a fee for administering the special assessments imposed by the CID within its boundaries.

“CID Operating Expenses” means, with respect to each Fiscal Year, the amount budgeted by the CID for the payment of operating expenses of the CID for such Fiscal Year, which amount shall not exceed \$10,000 with respect to any Fiscal Year.

“CID Reimbursable Project Costs” means the portion of the Project Costs incurred by the Developer related to the Cooperative Agreement and the Redevelopment Agreement that are to be funded or reimbursed from the Revenues pursuant to the Cooperative Agreement and the Redevelopment Agreement, and includes reimbursement for interest carrying costs in the amount of \$519,499 to be paid to the Developer in accordance with the Redevelopment Agreement.

“CID Special Assessments” means the proceeds of the special assessments imposed by the CID within its boundaries that are received by the City from the Collector on behalf of the CID and deposited in the Special Allocation Fund – CID Special Assessment Account maintained by the City pursuant to the Financing Agreement, the Redevelopment Agreement and the Cooperative Agreement. CID Special Assessments shall not include (i) the charge of up to 1.0% to be retained by the Collector in connection with the collection of the special assessments, (ii) any special assessments paid under protest until the protest is withdrawn or resolved against the taxpayer, and (iii) any special assessments received by the City or the Collector on behalf of the CID that are the subject of a suit or other claim communicated to the City, the Collector or the CID, which suit or claim challenges the collection of such special assessments.

“City” means the City of Blue Springs, Missouri, a constitutional charter city and political subdivision of the State, and its successors or assigns.

“Collector” means the Jackson County, Missouri Collections Department.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement related to the Series 2015 Bonds among the City, the Developer and the Dissemination Agent.

“Cooperative Agreement” means the First Amended and Restated Cooperative Agreement dated as of March 7, 2011, among the City, the CID and the Developer, as amended from time to time.

“Costs of Issuance” means all expenses approved by the City and incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the original purchaser’s spread, discount or fees (including any premium on the resale of the first delivery of the Bonds), counsel fees and expenses (including Bond Counsel, other counsel to the City, the underwriter’s counsel, Trustee’s counsel, CID counsel, and Developer’s counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds), the fee of the financial advisor to the City, the fee of the financial advisor to the Developer, rating agency fees and expenses, printing costs (for the Bonds and preliminary and final offering materials), and costs of engineering and feasibility studies necessary to the issuance of the Bonds (as opposed to studies related to completion of the Project, but not to the Bond financing), initial Trustee, Bond Registrar and Paying Agent fees, title insurance fees, survey fees and recording and filing fees.

“Costs of Issuance Fund” means the fund by that name created in the Indenture.

“Debt Service Fund” means the fund by that name created in the Indenture.

“Default” means any event or condition which, or with the giving of any requisite notice or upon the passage of any requisite time period or upon the occurrence of both, would constitute an Event of Default under the Indenture.

“Default Rate” means the interest rate announced from time to time by the Trustee (or a banking affiliate of the Trustee) as its prime rate or base rate on commercial loans (which rate fluctuates as and when said prime rate or base rate changes) plus 2.0%.

“Developer” means Blue Springs Development Three, Inc., a Missouri corporation, and its successors or assigns.

“Developer Paid Operating Costs” means (i) any costs paid by the Developer pursuant to the Financing Agreement, including those relating to the City’s administration of the CID Special Assessments and the operating costs of the CID, plus (ii) any other “Operating Costs” (as such term is defined in the Cooperative Agreement) paid by the Developer pursuant to the Cooperative Agreement after the Bond Issuance Date for the Series 2015 Bonds.

“Dissemination Agent” means UMB Bank, N.A., Kansas City, Missouri, as dissemination agent under the Continuing Disclosure Agreement, and its successors and assigns.

“Event of Default” means any event or occurrence as defined in the Indenture.

“Financing Agreement” means the Financing Agreement among the City, the CID and the Developer related to the Bonds.

“Fiscal Year” means the fiscal year adopted by the City for accounting purposes (which is also the fiscal year of the CID), which as of the execution of the Indenture commences on October 1 and ends on September 30.

“Funds” means the funds created in the Indenture.

“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.

“Immediate Notice” means notice by telephone, telegram, telex, telecopier or other telecommunication device (but excluding internet e-mail) 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, promptly followed by written notice by first-class mail postage prepaid to such addresses.

“Indenture” means this Trust Indenture as originally executed by the City and the Trustee, as from time to time amended, supplemented or restated by Supplemental Indentures in accordance with the provisions of the Indenture.

“Interest Account” means the account by that name in the Debt Service Fund created in the Indenture.

“Interest Payment Date” means the date on which an interest installment is required to be paid on the Bonds to the Owners thereof, which shall be each June 1, and December 2, beginning December 1, 2015, or the date on which any Bonds are called for redemption.

“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, 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; or
- (g) any other investment approved in writing by the Authorized City Representative that are lawful for the investment of moneys held in such funds or accounts under the laws of the State.

“Letter of Representations” means, collectively, the blanket letters from the City and the Trustee to the Securities Depository representing the matters necessary to qualify the Bonds pursuant to the Indenture.

“Opinion of Bond Counsel” means an opinion of Bond Counsel, addressed to the City and the Trustee, for the benefit of the City, the Trustee and the Owners of the Bonds.

“Opinion of Counsel” means a written opinion of an attorney or firm of attorneys addressed to the City and the Trustee, for the benefit of the City, the Trustee and the Owners of the Bonds, who may (except as otherwise expressly provided in the Indenture) be counsel to the City, the CID, the Developer or the Trustee, and who is acceptable to the City and the Trustee.

“Outstanding” when used with reference to Bonds, means, as of a particular date, all Bonds theretofore authenticated and delivered under the Indenture except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation pursuant to the Indenture;
- (b) Bonds which are deemed to have been paid in accordance with the Indenture;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture; and
- (d) for purposes of any consent or other action to be taken by the Owner of a specified percentage of Bonds under the Indenture, Bonds registered in the name of the City or the Developer. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right to act with respect to such Bonds and that the pledgee is not the City or the Developer.

“Parity Bonds” means the Series 2015 Bonds and any Additional Bonds issued on a parity with the Series 2015 Bonds.

“Paying Agent” means the Trustee, and any other bank or trust institution with an office in the State and organized under the laws of any state of the United States of America or any national banking association designated by the Indenture or any Supplemental Indenture as paying agent for the Bonds at which the principal of, and redemption premium, if any, on, such Bonds shall be payable.

“Payment Office” means, (i) with respect to the initial Trustee, for payment, registration, maintenance of the Bond Register and exchange purposes, initially, 1010 Grand Boulevard, 4th Floor, Kansas City, Missouri 64106, Attention: Corporate Trust Department, and (ii) with respect to any successor Trustee, its office or offices for those purposes designated as such by the successor Trustee.

“Person” and “person” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, a limited liability company, or a government or any agency or political subdivision thereof.

“Principal Account” means the account by that name in the Debt Service Fund created in the Indenture.

“Principal Payment Date” means the maturity date or redemption date of any Bond.

“Project Costs” means all of the cost of the design and construction of the Project and other related costs of the Project, including Costs of Issuance.

“Project Fund” means the fund by that name in the Indenture.

“Purchase Agreement” means, with respect to the Series 2015 Bonds, the Bond Purchase Agreement among the City, the Purchaser and the Developer.

“Purchaser” means Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri, as the original purchaser of the Series 2015 Bonds.

“Record Date” means the fifteenth calendar day, whether or not a Business Day, of the month preceding the applicable Interest Payment Date.

“Redemption Account” means the account by that name in the Debt Service Fund created in the Indenture.

“Redevelopment Agreement” means the Second Amended and Restated Tax Increment Financing Contract dated August 18, 2015, between the City and the Developer related to the Redevelopment Plan, as amended from time to time.

“Redevelopment Plan” means the Adams Farm Tax Increment Financing Plan, as approved and amended by the City.

“Replacement Bonds” means, if the City determines not to use the book-entry system of the Securities Depository pursuant to the Indenture, one or more Bond certificates in principal amounts corresponding to the identifiable beneficial owners’ interests in the Bonds pursuant to the records of the Securities Depository.

“Requisition” means a requisition in the form of an exhibit to the Indenture executed by the Authorized Developer Representative and/or the Authorized City Representative.

“Revenue Account” means the account by that name in the Revenue Fund created in the Indenture.

“Revenue Fund” means the fund by that name created in the Indenture.

“Revenues” means the CID Special Assessments on deposit in the Special Allocation Fund – CID Special Assessment Account for payment by the City on behalf of the CID to the Trustee as provided in the Financing Agreement, *but excluding* the CID Administrative Fee and the CID Operating Expenses. Additionally, Revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) any sum received by the City on behalf of the CID which is the subject of a suit or other claim communicated to the City or the CID, which suit or claim challenges the collection of such sum, and (iii) the amount of \$1,246,685.80 from the CID Special Assessments received by the City prior to the Bond Issuance Date for the Series 2015 Bonds, which amount shall be paid by the City directly to the Developer or to the party to whom the Developer has assigned the right to such payment, as reimbursement of CID Reimbursable Project Costs.

“Securities Depository” means The Depository Trust Company, New York, New York, or any successor Securities Depository appointed pursuant to the Indenture.

“Series 2015 Bonds” means the Taxable Special Obligation Special Assessment Bonds (Adams Farm Project), Series 2015, issued pursuant to the Indenture.

“Special Allocation Fund – CID Special Assessment Account” means the account held by the City pursuant to the Redevelopment Agreement and the Cooperative Agreement for receipt of CID Special Assessments on behalf of the CID.

“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.

“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.

“Trust Estate” means the Trust Estate described in the granting clauses of the Indenture.



“Trustee” means UMB Bank, N.A., Kansas City, Missouri, and any co-trustee or successor or permitted assignee trustee appointed, qualified and then acting as such under the provisions of the Indenture.

\* \* \* \* \*

## SUMMARY OF THE INDENTURE

*The following, in addition to the information contained above under the heading “THE SERIES 2015 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 and Accounts of the City are ratified or created and established, as applicable, with the Trustee (with appropriate subaccounts for each series of the Bonds in the Debt Service Fund and, as appropriate, in the Bond Reserve Fund, the Project Fund, the Costs of Issuance Fund and the Rebate Fund):

- (1) the Project Fund;
- (2) the Costs of Issuance Fund;
- (3) the Capitalized Interest Fund;
- (4) the Bond Reserve Fund;
- (5) the Revenue Fund, consisting of the Revenue Account and the CID Special Assessments Account; and
- (6) the Debt Service Fund, consisting of the Interest Account, the Principal Account and the Redemption Account.

Each Fund and Account shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. All moneys deposited in the Funds and Accounts 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. Any moneys designated to be transferred from one Fund to another Fund shall be transferred from the Account in that Fund for the series of the Bonds to the Account in another Fund for the same series of the Bonds.

### **Security for the Bonds**

The Bonds and the interest thereon are special limited obligations of the City payable solely from proceeds of the Bonds, the 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 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, directly, indirectly or contingently, obligate the City, the CID, the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, any of the Bonds or for any claim based thereon or upon any obligation, provision, covenant or agreement contained in the Indenture or any other document to which the City is a party, against any past, present or future elected official, trustee, officer, employee or agent of the City, or any elected official, trustee, officer, employee or agent of any successor to 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 elected official, trustee, officer, employee or agent as such is expressly and conclusively waived and released as a condition of and in consideration for the execution of the

Indenture and the issuance of any of the Bonds. Neither the officers of the City nor any person executing the Bonds shall be personally liable on the Bonds by reason of the issuance thereof.

### **Revenue Fund**

Except as otherwise provided in the Indenture with respect to final balances, Except as otherwise provided in the Indenture with respect to final balances, the Trustee shall apply moneys from the Revenue Fund, after accounting for the application of moneys from the Capitalized Interest Fund, *first*, from the Revenue Account of the Revenue Fund, and *second*, from the CID Special Assessments Account of the Revenue Fund, at least 40 days prior to each Interest Payment Date and Principal Payment Date on the Bonds, for application in the order of priority and for the purposes as follows:

(1) to the Trustee, an amount equal to all fees, charges, advances and expenses of the Trustee due and payable pursuant to the Indenture (not to exceed \$4,500 per Fiscal Year);

(2) to the City, an amount equal to all fees, charges and expenses of or incurred by the City in compliance with the provisions of the Indenture relating to transferring Bonds, issuing replacement Bonds, performance of covenants under the Indenture, executing instruments of further assurance, collection of payments, enforcement of agreements and recording of documents;

(3) to the Interest Account of the Debt Service Fund, an amount sufficient to pay the interest becoming due and payable on the Parity Bonds on the next two Interest Payment Dates;

(4) to the Principal Account of the Debt Service Fund, an amount sufficient to pay the principal of the Parity Bonds on the next Principal Payment Date (at maturity or upon mandatory sinking fund redemption);

(5) for transfer to the Redemption Account in the Debt Service Fund for application to the redemption of the Bonds pursuant to the Indenture, an amount sufficient to redeem the Parity Bonds in accordance with 100% of the payment schedule (taking into account both the projected redemption on such Payment Date and the cumulative redemptions to and including such Payment Date) shown on an exhibit to the Indenture (which conforms to “Case I” under the caption **“PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS”** herein);

(6) for deposit to the Bond Reserve Fund until the Bond Reserve Fund has been funded or restored in an amount equal to the Bond Reserve Requirement;

(7) beginning June 1, 2016, for reimbursement of the Developer for Developer Paid Operating Costs certified to the Trustee by the Authorized City Representative through the monthly reports required under the Indenture (which amounts may be carried forward to future years if not fully reimbursed in any given Fiscal Year);

(8) for transfer to the Redemption Account in the Debt Service Fund, all remaining funds to redeem Series 2015 Bonds pursuant to the Indenture which shall be applied to the payment of the principal of and accrued interest on all Series 2015 Bonds which are subject to redemption on the next succeeding Payment Date (see **“PROJECTED AVERAGE LIFE OF THE SERIES 2015 BONDS”** herein); and

(9) for transfer to the Redemption Account in the Debt Service Fund, all remaining funds to redeem Additional Bonds which are Parity Bonds pursuant to the special mandatory redemption provisions contained in the Supplemental Indenture authorizing such Additional Bonds which shall be applied to the payment of the principal of and accrued interest on all such Additional Bonds which are subject to redemption on the next succeeding Payment Date.

If necessary, on the Business Day prior to each Interest Payment Date, drawing *first*, from the Revenue Account of the Revenue Fund, and *second*, from the CID Special Assessments Account of the Revenue Fund, the Trustee shall transfer to the applicable accounts of the Debt Service Fund an amount sufficient to pay the principal of or interest on the Bonds due on the next Payment Date.

### **Capitalized Interest Fund**

The Trustee shall apply moneys from the Capitalized Interest Fund at least 45 days prior to each Interest Payment Date on the Bonds, to the Interest Account of the Debt Service Fund, an amount sufficient to pay the interest becoming due and payable on the Bonds on such date.

### **Debt Service Fund**

Moneys on deposit in the Interest Account shall be applied solely to pay the interest on the Bonds as the same becomes due and payable. On each date fixed for redemption of the Bonds and on each scheduled Interest Payment Date on the Bonds, the Trustee shall remit to the respective Bondowners of such Bonds an amount from the Interest Account sufficient to pay the interest on the Bonds becoming due and payable on such date.

Moneys on deposit in the Principal Account shall be applied solely to pay the principal of the Bonds as the same becomes due and payable at maturity or scheduled mandatory sinking fund redemption. On each Principal Payment Date of the Bonds, the Trustee shall set aside and hold in trust an amount from the Principal Account sufficient to pay the principal of the Bonds becoming due and payable on such date.

Moneys on deposit in the Redemption Account shall be applied solely to pay the principal and premium, if any, on the Bonds as the same become due and payable by redemption. On each date fixed for such redemption, the Trustee shall set aside and hold in trust an amount from the Redemption Account sufficient to pay the principal of and premium, if any, on the Bonds becoming due and payable on such date.

### **Project Fund**

The Trustee shall pay out of the Project Fund the amounts certified in the Requisitions and approved by the City, as evidenced by a certificate of the Authorized Developer Representative and approved by the Authorized City Representative, for the payment of Project Costs (excluding Costs of Issuance, which shall be paid from the Costs of Issuance Fund as provided in the Indenture).

The Trustee may conclusively rely on all Requisitions, and the execution of the Requisitions by the Authorized Developer Representative and the Authorized City Representative, as required by the Indenture, as conditions of payment from the Project Fund, which Requisitions constitute, as to the Trustee, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. These documents shall be retained by the Trustee, subject at all reasonable times to examination by the City, the Developer, the CID and the agents and representatives thereof. The Trustee is not required to inspect the Project or the construction work or to make any independent investigation with respect to the matters set forth in any Requisition or other statements, orders, certifications and approvals received by the Trustee. The Trustee is not required to obtain completion bonds, lien releases or otherwise supervise the construction work.

### **Costs of Issuance Fund**

The Trustee shall pay out of the Costs of Issuance Fund the amounts certified in the Requisitions signed by the Authorized City Representative for the payment of Costs of Issuance. The Trustee may conclusively rely upon a Requisition and is not required to make any independent inquiry or investigation with respect to the Requisition. Moneys in the Costs of Issuance Fund shall be expended no later than 90 days after the Bond Issuance Date. Any moneys remaining therein on such date, and any investment earnings thereon,

shall be transferred without further authorization to the Interest Account of the Debt Service Fund. The Trustee will provide written notice to the Developer of the amount so transferred.

### **Bond Reserve Fund**

Moneys in the Bond Reserve Fund shall be disbursed and expended by the Trustee without further authorization solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds if and to the extent moneys otherwise available for such purpose in the Debt Service Fund are insufficient to pay the same as they become due and payable on the applicable Interest Payment Date or Principal Payment Date. The Trustee may disburse and expend moneys from the Bond Reserve Fund for such purposes whether or not the amount in the Bond Reserve Fund at that time equals the Bond Reserve Requirement.

On April 15 and October 15 of each year (or if such date is not a Business Day, the immediately preceding Business Day), commencing October 15, 2015, the Trustee shall determine the value of all cash and Investment Securities held in the Bond Reserve Fund and shall give immediate written notice to the City if such amount is less than the Bond Reserve Requirement. All such Investment Securities shall be valued as specified in the Indenture. If the value so determined exceeds the Bond Reserve Requirement, the Trustee shall promptly transfer the excess without further authorization to the Interest Account of the Debt Service Fund.

Moneys in the Bond Reserve Fund shall be used to pay and retire the last Outstanding Parity Bonds unless such Bonds and all interest thereon be otherwise paid. Notwithstanding any other provision of the Indenture, moneys in the Bond Reserve Fund shall be applied to pay the last Outstanding Parity Bonds prior to any application of moneys on deposit in the Revenue Fund or the Debt Service Fund for such purpose.

Moneys in an account of the Bond Reserve Fund for a particular series of the Bonds shall only be used to pay the principal of and interest on that series of the Bonds.

### **Nonpresentment of Bonds**

In the event any Bond shall not be presented for payment when the principal thereof becomes due, at maturity or at the date fixed for redemption thereof, if moneys sufficient to pay such Bond shall have been deposited in the Debt Service Fund, all liability of the City to the holder 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 holder of such Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature of such holder 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 shall have become due shall be paid, without liability for interest, by the Trustee to the City, free from the trusts created by the Indenture. Thereafter, Bondowners shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to the City 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. Upon termination and release of the Indenture, any remaining funds held by the City and so received pursuant to the Indenture shall be distributed and applied as provided in the Indenture.

### **Investment of Moneys**

Moneys in all Funds and Accounts shall be continuously invested and reinvested by the Trustee at the written direction of the City. Moneys on deposit in all Funds and Accounts may be invested only in Investment Securities that mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed; provided that if written investment directions have not been received from the City, the Trustee is authorized to invest amounts only in Investment Securities as described in subsection (f) of the definition of Investment Securities in the discretion of the Trustee. The Trustee is specifically authorized

to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which fees may be deducted from income earned on investments.

Net investment earnings on each Fund and Account shall be credited to such Fund and Account; provided, however, that earnings on the moneys in the Bond Reserve Fund in excess of the Bond Reserve Requirement shall be transferred to the Interest Account of the Debt Service Fund.

All investments 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 then 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 (other than the Bond Reserve Fund), investments shall be valued at the lower of their original cost or their fair market value as of the most recent Payment Date. Investment Securities in the Bond Reserve Fund shall be valued at their fair market value. Investments in the funds and accounts under the Indenture shall be valued at least 45 days prior to each June 1 and December 1 in each year beginning at least 45 days prior to December 1, 2015.

#### **Events of Default; No 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 due and punctual payment of any interest on any Bond;
- (b) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof or otherwise;
- (c) 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 the 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;
- (d) 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; or
- (e) an Event of Default under the Financing Agreement shall have occurred and be continuing.

**The Bonds shall not in any event be subject to acceleration prior to maturity.**

### **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 redemption premium, if any, 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, shall deem most expedient in the interests of the Bondowners.

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 (with the exception of any duty to make payments when due), 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, redemption premium, if any, and interest on any Bond at and after its maturity or the obligation of the City to pay the principal of, redemption premium, if any, 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 Bond Documents or pursuant to any right given or action taken under the Indenture, after payment of the reasonable costs and expenses of the proceedings resulting in the collection of such moneys and the fees, expenses, liabilities and advances incurred or made by the Trustee, shall be deposited in the Debt Service Fund and all moneys so deposited in the Debt Service Fund shall be applied as follows:

First - To the payment to the persons 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 shall not be 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;

Second - To the payment to the persons entitled thereto of the unpaid principal of and redemption premium, if any, on any of the Bonds, that shall 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 date, with interest on such principal and redemption premium, if any, at the rate or rates specified in the respective Bonds from the respective dates upon which they became due and payable, and, if the amount available shall not be sufficient to pay in full such principal and redemption premium, if any, due on any particular date, together with such interest, then to the payment ratably, according to the amounts of principal and redemption premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege; and

Third - To the City and the CID for any amounts owed.

Whenever moneys are to be so applied pursuant to the Indenture, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future.

## **Supplemental Indentures**

### Without Consent of the Owners

The City and the Trustee may from time to time, without the consent of or notice to any of the Bondowners, enter into a Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

- (a) to cure any ambiguity, formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondowners 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 the United States of America or any state of the United States of America;

(e) to evidence the appointment of a co-trustee or successor Trustee;

(f) to make any other change which, in the sole judgment of the Trustee, does not materially adversely affect the security for the Bondowners; in exercising such judgment the Trustee may rely on an Opinion of Counsel;

(g) to broaden or more precisely identify the Project; or

(h) to authorize the issuance of any series of Additional Bonds and make such other provisions as provided in the Indenture with respect to Additional Bonds.

#### 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, the Owners of not less than a majority in aggregate principal amount of any Bonds then Outstanding, together with the consent of the City, shall have the right from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the City and the Trustee of any 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 contained in the Indenture shall permit or be construed as permitting without the consent of the Owners of 100% in aggregate principal amount of the Bonds Outstanding, (i) an extension of the maturity of the principal of or the scheduled date of payment of interest on any Bond issued under the Indenture, or the redemption date of any Bonds, or (ii) a reduction in the principal amount, redemption premium or any interest payable on any Bond, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a change to the redemption dates or a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Indenture.

If at any time the City shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of the Indenture requiring consent of the Bondowners and if the Trustee is provided with sufficient indemnity for its expenses, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to the City and each Bondowner. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Administrative Office of the Trustee for inspection by all Bondowners. 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 the required aggregate principal amount of the required Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall 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 as permitted and provided in the 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 City and the Trustee an Opinion of Bond Counsel addressed to them stating that such Supplemental Indenture is authorized or permitted by the

Indenture and the laws of the State, complies with their respective terms and will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms.

### **Amendments to Bond Documents**

#### Not Requiring Consent of Bondowners

The Trustee and the City (if the City is a party to the Bond Document), may, without the consent of or notice to the Bondowners, but with the consent of the City, consent to any amendment, change or modification of the Bond Documents (exclusive of the Indenture which may be supplemented as described above), as may be required or deemed advisable:

- (i) by the provisions of such documents and the Indenture;
- (ii) for the purpose of curing any ambiguity or formal defect or omission in such documents;
- (iii) related to 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;
- (iv) so as to more precisely identify the Project or substitute or add additional property thereto; or
- (v) in connection with any other change therein which, in the sole judgment of the Trustee, does not materially adversely affect the security for the Bondowners (in exercising such judgment, the Trustee may rely on an Opinion of Counsel).

#### Requiring Consent of Bondowners

Except as described above, the Trustee and the City (if the City is a party to the Bond Document) shall not consent to any amendment, change or modification of the Bond Documents (exclusive of the Indenture which may be supplemented as described above) without the mailing of notice and the obtaining of the written consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding given and obtained as provided in the Indenture. If at any time the City shall request the consent of the Trustee to any such proposed amendment, change or modification to such documents, the Trustee shall cause notice of such proposed amendment, change or modification to such documents to be given in the same manner as provided by the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification to such documents and shall state that copies of the same are on file at the Administrative Office of the Trustee for inspection by all Bondowners and a copy of such proposed amendment, change or modification to such document shall be mailed with such notice to the City and the Developer. The Trustee shall not be obligated to consent to any amendment, change or modification that, in the reasonable judgment of the Trustee, is prejudicial to the rights of the Trustee.

#### Opinion of Bond Counsel

Anything to the contrary in the Indenture notwithstanding, before the Trustee shall consent to any amendment of the Bond Documents there shall have been delivered to the City and the Trustee an Opinion of Bond Counsel addressed to them stating that such amendment is authorized or permitted by the Indenture, the laws of the State and the applicable Bond Document, complies with the respective terms of the Bond Document being amended, will, upon the execution and delivery thereof, be valid and binding upon the City (if the City is a party thereto) in accordance with its terms.

## **Resignation or Removal of the Trustee**

The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving 30 days' written notice to the City and the Bondowners, and such resignation shall take effect at the end of such 30 days, or upon the earlier appointment of a successor Trustee by the City or by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, in accordance with the Indenture provided, however, that in no event shall the resignation of a Trustee or successor Trustee become effective until such time as a successor Trustee has been appointed and has accepted appointment. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the City and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds, or by the City (provided no Default, Event of Default or condition which, with the giving of notice, the passage of time or both, would constitute a Default or an Event of Default has occurred and is continuing), provided, however, that in no event shall the removal of a Trustee or successor Trustee become effective until such time as a successor Trustee has been appointed and has accepted appointment. The City or any Owner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

## **Appointment of Successor Trustee**

In case the Trustee shall resign or be removed, or shall otherwise become incapable of acting under the Indenture, or in case it shall be 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 (i) the City (provided no Default, Event of Default or condition which, with the giving of notice, the passage of time or both, would constitute a Default or an Event of Default has occurred and is continuing), or (ii) the Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing. In case of such vacancy the City may appoint a temporary Trustee, to fill such vacancy, until a successor Trustee shall be appointed in the manner above provided. If no successor has been appointed within 60 days after notice of the resignation or removal is given, the Trustee may petition a court of competent jurisdiction to appoint a successor; and any such temporary Trustee so appointed by the City or a court shall immediately and without further acts be superseded by the successor Trustee so appointed. Any successor Trustee or temporary Trustee must have the qualifications provided for in the Indenture.

## **Qualifications of Trustee and Successor Trustees**

There shall at all times be a Trustee under the Indenture which shall be a trust institution or bank with an office in the State and qualified to accept such trust that either (i) has at the time of appointment capital and surplus of not less than \$50,000,000, (ii) is owned by a company that has at the time of appointment capital and surplus of not less than \$50,000,000, or (iii) has assets under corporate trust management of not less than \$500,000,000. If such institution publishes reports of conditions at least annually pursuant to law or regulation, then for the purposes of this Section the capital, surplus and undivided profits of such institution shall be deemed to be its capital, surplus and undivided profits as set forth in its most recent report of condition so published.

## **SUMMARY OF THE FINANCING AGREEMENT**

*The following summarizes certain provisions of the Financing Agreement. This summary does not purport to be complete, and reference is made to the Financing Agreement for the complete provisions thereof.*

### **The CID**

#### ***Imposition of CID Special Assessments.***

The CID has levied, and shall impose and assess, or take such lawful action within its control to cause the Jackson County, Missouri Collections Department (the "Collector") to assess, the CID Special

Assessments upon the real property within the CID in the manner authorized in the CID Act, and as described in the Cooperative Agreement and the Financing Agreement.

#### ***Collection and Enforcement of CID Special Assessments***

The CID and the City, in accordance with Cooperative Agreement, shall or shall cause the Collector to carry out collection and enforcement of the CID Special Assessments pursuant to the CID Act. The City and the CID shall take such lawful action within their control as may be required to cause the Collector to collect the CID Special Assessments and remit the proceeds thereof to the City in accordance with the Cooperative Agreement. If any CID Special Assessments are not paid when due to the City or the Trustee, the CID shall cooperate with the City pursuant to the Cooperative Agreement to promptly and diligently exercise such rights and remedies as are available under applicable law with respect to such CID Special Assessments, including without limitation the exercise by the CID (or by the City on behalf of the CID, as directed in the Cooperative Agreement) of its right to foreclose on the related property within the CID pursuant to the lien on such property established by the CID Act. The CID shall transfer any CID Special Assessments received by the CID pursuant to any such action taken by it to the City as soon as practicable (but not later than three (3) Business Days) after receipt thereof for deposit and application in accordance with the provisions of the Indenture and the Financing Agreement.

#### ***Method and Rate of Assessments***

The Board of Directors of the CID shall assess, or take such lawful action within its control to cause the Collector to assess, the property within the CID in accordance with the method for allocating the assessment set forth in the CID Petition and the Cooperative Agreement. The CID Special Assessments were levied and shall continue to be assessed and imposed at the rate of at least \$1.00 per square foot of building floor area located within the CID, as provided in the Cooperative Agreement. In no event while Bonds are Outstanding under the Indenture shall the CID take any action to terminate the existence of the CID or repeal or reduce the amount of CID Special Assessments imposed.

#### ***Transfer of CID Special Assessments***

Except as otherwise provided in the Financing Agreement, the CID shall direct the Collector to transfer all CID Special Assessments to the City for deposit in the Special Allocation Fund – CID Special Assessment Account pursuant to the Cooperative Agreement and application in accordance with the provisions of the Indenture and the Financing Agreement. The CID Special Assessments shall be billed, collected and distributed by the Collector to the City. The Cooperative Agreement provides that the CID shall transfer any CID Special Assessments received directly by the CID to the City as soon as practicable (but not later than three (3) Business Days) after receipt thereof. In no event shall the CID or the Collector be required to transfer to the City any CID Special Assessment paid under protest until the protest is withdrawn or resolved against the taxpayer, or any CID Special Assessment received by the CID or the Collector that is the subject of a suit or other claim communicated to the CID, which suit or claim challenges the collection of such CID Special Assessment.

#### ***Pledge of Revenues***

The CID pledges to the Trustee, for the benefit of the Owners of the Bonds, as security for the payment of the principal of and redemption premium, if any, and interest on the Bonds, all of its right, title and interest in to and under, and grants to the Trustee a lien upon and security interest in, (i) the Revenues, and (ii) the Financing Agreement, and all proceeds of the foregoing. The parties acknowledge and agree that the foregoing property pledged to the Trustee by the CID shall constitute a part of the Trust Estate for all purposes under the Indenture.

### ***Records of the CID***

The City, on behalf of the CID pursuant to the Cooperative Agreement, shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business affairs of the CID in accordance with accounting principles generally accepted in the United States of America, and the CID will furnish to the City such information as it may reasonably request concerning the CID, in order to determine whether the covenants, terms and provisions of the Financing Agreement have been met. The CID will furnish to the Trustee annually by each September 30 a certificate of the Authorized CID Representative to the effect that during the preceding fiscal year the CID complied with the terms, covenants and provisions of the Financing Agreement. For that purpose all pertinent books, documents and vouchers relating to the Project, the CID and the CID Special Assessments shall at all times during regular business hours be open to inspection.

### ***Budget and Reporting Requirements***

The CID shall comply with the budgetary and reporting requirements contained in the Revised Statutes of Missouri, including without limitation the following:

- (a) The Board of Directors of the CID shall prepare and submit a proposed annual budget to the City in accordance with Section 67.1471.2 of the Revised Statutes of Missouri, as amended.
- (b) The CID shall submit an annual report to the City Clerk and the Missouri Department of Economic Development in accordance with Section 67.1471.4 of the Revised Statutes of Missouri, as amended.
- (c) The CID shall submit an annual financial report to the Missouri State Auditor in accordance with Section 105.145 of the Revised Statutes of Missouri, as amended.

### ***Notice to Trustee of Operating Costs***

Promptly following the adoption of each annual budget by the Board of Directors of the CID, the CID shall provide written notice to the Trustee of the amount of Operating Costs (as described in the Financing Agreement) of the CID included in such budget so that the Trustee can determine the CID Operating Expenses (as defined in the Indenture) for such fiscal year in accordance with the provisions of the Indenture.

### ***Restriction on Transfer of CID's Interests***

The CID will not sell, assign, transfer or convey its interests in the CID Special Assessments or the Financing Agreement except pursuant to the Financing Agreement. Other than the Cooperative Agreement, the CID will not enter into any tax-sharing agreement or other similar arrangement with respect to the CID Special Assessments and agrees that any additional financing of the costs of the Project will be financed by the City.

### **Developer Covenant**

The Developer covenants and agrees that until final payment of the Bonds, it will not take any action to destroy any building owned by Developer that is subject to the CID Special Assessments unless the net effect of the destruction (i) will not result in a reduction of the building floor area of buildings subject to the CID Special Assessments that would cause the aggregate building floor area of all buildings subject to the CID Special Assessments to be less than 383,615 square feet, (ii) will not result in a reduction in the amount of CID Special Assessments collected or (iii) will result in a reduction in the amount of CID Special Assessments collected, but the amount of that reduction is paid to the Trustee by Developer on or before the date the CID Special Assessments are due; provided that in the event of damage, destruction or other casualty to any portion of the buildings, the Developer shall not be in violation of this covenant due to temporary reduction in gross

building floor area when it is using commercially reasonable efforts to restore, replace, or rebuild such buildings.

## **City**

### ***Application of Proceeds***

The City covenants and agrees to cause the proceeds of the Bonds and the Revenues to be applied in accordance with the Indenture and this Financing Agreement. The City agrees that it will pay to the Trustee any of the Revenues it has received on or before the 10th day of each month. The Revenues to be paid to the Trustee do not include the amount of \$1,246,685.80 from the CID Special Assessments received by the City prior to the Bond Issuance Date for the Series 2015 Bonds, which amount shall be paid by the City directly to the Developer or to the party to whom the Developer has assigned the right to such payment, as reimbursement of CID Reimbursable Project Costs.

### ***Assignment by the City***

The City, by means of the Indenture and as security for the payment of the principal of, and redemption premium, if any, and interest on the Bonds, will assign, pledge and grant a security interest in all of its rights, title and interests in, to and under the Financing Agreement to the Trustee for the benefit of the Owners (reserving its rights to indemnities provided hereunder and payments owed to the City for its benefit).

### ***Restriction on Transfer of City's Interests***

The City will not sell, assign, transfer or convey its interests in the Financing Agreement except pursuant to the Indenture and the Financing Agreement.

### ***Fees, Charges and Expenses of the City***

Subject to the limitations on the application of CID Special Assessments stated in the Financing Agreement and in the Indenture, the City shall be entitled to payment from the CID Special Assessments or, if the CID Special Assessments are not sufficient to make such payments, by the Developer of and reimbursement for reasonable fees for the City's ordinary services rendered under the Financing Agreement and under the Cooperative Agreement and all advances, agent and counsel fees and expenses and other ordinary expenses reasonably and necessarily made or incurred by the City in connection with such ordinary services and, in the event that it should become necessary that the City perform extraordinary services, it shall be entitled to payment of reasonable extra compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the neglect or willful misconduct of the City it shall not be entitled to compensation or reimbursement therefor. Subject to the limitations on the application of CID Special Assessments stated in the Financing Agreement and in the Indenture, each provision of the Financing Agreement or the Indenture that provides for compensation, reimbursement or indemnification of the City is deemed to provide for the payment from the CID Special Assessments or, if the CID Special Assessments are not sufficient to make such payments, by the Developer of all related fees, costs, charges, advances and expenses of the City (including, without limitation, attorneys' fees and expenses), whether or not so stated, unless the context clearly indicates otherwise. As payment for the services described in the Financing Agreement and the Cooperative Agreement, the City shall be entitled to withhold from the Revenues transmitted to the Trustee the following amounts: (1) as its fee for collecting the CID Special Assessments (the "Administrative Fee," as defined in the Cooperative Agreement), 1.0% of the total CID Special Assessments received by the City from the county collector, and (2) an amount budgeted and approved by the CID for the payment of "Operating Costs" (as defined in the Cooperative Agreement) of the CID during each fiscal year, which amount shall not exceed \$10,000 in any fiscal year, which will be held in a separate account established by the City for the payment of the Operating Costs and used to reimburse the City, the CID or the Developer for the Operating Costs actually incurred by the City, the CID or the Developer in any fiscal year, provided that the maximum amount to be withheld from Revenues for Operating Costs shall not exceed \$10,000 in any

fiscal year of the CID. If the Operating Costs for the CID exceed \$10,000 in any fiscal year of the CID, the unpaid amount of such costs shall be paid by the Developer. The Developer shall be reimbursed for any such payments made to the City or for Operating Costs from Revenues as provided under the Indenture.

### **Events of Default; Remedies**

The term “Event of Default” shall mean any one or more of the following events:

(a) Failure by City to timely transfer any Revenues to the Trustee as provided in the Financing Agreement, or any act of the CID preventing such transfer.

(b) Any payment on the Bonds is not made when due.

(c) Failure by the City, the Developer or the CID to observe and perform any covenant, condition or agreement under the Financing Agreement, the Indenture or any other document entered into in connection with the financing of the Project (other than the Continuing Disclosure Agreement), other than as referred to in the preceding subparagraphs (a) and (b), for a period of 30 days after written notice of such default has been given to the defaulting party, during which time such default is neither cured by the defaulting party nor waived in writing by the Trustee, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee may consent in writing to an extension of such time prior to its expiration if corrective action is instituted by the defaulting party within the 30-day period and diligently pursued to completion and if such consent, in the judgment of the Trustee, does not materially adversely affect the security of the Owners of the Bonds.

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

Whenever any Event of Default shall have occurred and be continuing, the Trustee, as the assignee of the City, shall give written notice to the defaulting party of such Event of Default and after five (5) Business Days after such notice, the Trustee may immediately proceed to take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth in the Financing Agreement or in the Indenture, as may appear necessary or desirable to collect the amounts payable pursuant to the Financing Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant under the Financing Agreement or the Indenture.

Any amount collected pursuant to action so taken shall be paid to the Trustee and applied, first, to the payment of any reasonable costs, expenses and fees incurred by the Trustee as a result of taking such action and, next, any balance shall be transferred to the Revenue Fund and applied in accordance with the Indenture and, then, to cure any other Event of Default.

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

No remedy conferred or reserved in the Financing Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to

exercise any remedy reserved to it in the Financing Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required by the Financing Agreement.

Upon the execution and delivery of the Indenture, the City will thereby have assigned to the Trustee all rights and remedies conferred upon or reserved to the City by the Financing Agreement, reserving only the City's rights to payments for its own benefit. The Trustee shall have the exclusive right to exercise such rights and remedies conferred upon or reserved to the City by the Financing Agreement in the same manner and to the same extent, but under the limitations and conditions imposed thereby. The Owners of the Bonds shall be deemed third party creditor beneficiaries of all representations, warranties, covenants and agreements contained in the Financing Agreement.

### **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.*

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the City shall not later than March 31st of each year (or, if the City's Fiscal Year should change, not later than the last day of the calendar month containing the 180th day following the end of the City's Fiscal Year), commencing with March 31, 2016, file with the MSRB, through EMMA, the following financial information and operating data:

The audited financial statements of the City for the prior Fiscal Year (the "Annual Report"), prepared in accordance with accounting principles generally accepted in the United States of America. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to the Continuing Disclosure Agreement, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.

"Semi-Annual Report" means, collectively, the Developer's Semi-Annual Report and the City's Semi-Annual Report.

"Developer's Semi-Annual Report" means a document or set of documents, in substantially the form attached as an exhibit to the Continuing Disclosure Agreement, which contains updates (as of January 1 and July 1 of each year) to the information contained in the Official Statement under the caption "**SUMMARY OF LEASES AND OCCUPANTS AT ADAMS DAIRY LANDING.**"

"City's Semi-Annual Report" means a document or set of documents, in substantially the form attached as an exhibit to the Continuing Disclosure Agreement, which contains updates (as of January 1 and July 1 of each year) to the following information:

- (a) the amount deposited into the following accounts of the Revenue Fund since the last City's Semi-Annual Report:
  - (i) Revenues consisting of CID Special Assessments deposited to the CID Special Assessments Account; and
  - (ii) any other amounts deposited to the Revenue Account;
- (b) the principal amount of Series 2015 Bonds redeemed (whether by optional redemption, special redemption or on maturity) since the last City's Semi-Annual Report; and
- (c) the aggregate principal amount of Series 2015 Bonds redeemed since the date of issuance of the Series 2015 Bonds and the outstanding principal amount of the Series 2015 Bonds.



“Semi-Annual Report Date” means the date which is not later than March 31 and August 31 of each year, commencing on March 31, 2016.

The Dissemination Agent shall send notice, no later than January 1 and July 1 of each year, commencing January 1, 2016, to the Developer of its obligation to provide the information required for the Developer’s Semi-Annual Report. The City shall have no obligation under the Continuing Disclosure Agreement with respect to the provision or filing of the Developer’s Semi-Annual Report.

The Developer shall provide a Developer’s Semi-Annual Report to the Dissemination Agent not later than each Semi-Annual Report Date and the Dissemination Agent shall provide the information required for the City’s Semi-Annual Report and then provide the Semi-Annual Report to the MSRB within five (5) Business Days after the Semi-Annual Report Date. If the Dissemination Agent is not the Trustee, the City and the Dissemination Agent shall cause the Trustee to provide to the Dissemination Agent the information required for the City’s Semi-Annual Report. The Developer shall have no obligation under the Continuing Disclosure Agreement with respect to the provision or filing of the City’s Semi-Annual Report or the Annual Report.

The Dissemination Agent shall provide the City and the Trustee written confirmation that the Semi-Annual Report was provided to the MSRB in accordance with the Continuing Disclosure Agreement.

No later than 10 Business Days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Series 2015 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2015 Bonds, or other material events affecting the tax status of the Series 2015 Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Series 2015 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

Notwithstanding any other provision of the Continuing Disclosure Agreement, the City, the Developer and the Dissemination Agent may amend the Continuing Disclosure Agreement and any provision of the Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City and the Dissemination Agent with its written opinion that the agreement of the City, the Developer and the Dissemination Agent contained in the Continuing Disclosure Agreement, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Agreement. Any such amendment or waiver that does not relate to the obligations of the Developer under the Continuing

Disclosure Agreement may be undertaken by the City and the Dissemination Agent in accordance with the Continuing Disclosure Agreement without the consent of the Developer.

If the City, the Developer or the Dissemination Agent fails to comply with any provision of the Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner of the Series 2015 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City, the Developer or the Dissemination Agent, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an event of default under the Indenture or the Series 2015 Bonds, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City, the Developer or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

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