

**NEW ISSUE  
(Book Entry Only)**

**Standard & Poor's Rating: \_\_\_\_\_  
See "RATING" herein.**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Series 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Series 2021 Bonds is exempt from income taxation by the State of Missouri and (3) the Series 2021 Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" herein.*

**MISSOURI DEVELOPMENT FINANCE BOARD  
\$[Principal Amount]\*  
Infrastructure Facilities Refunding Revenue Bonds  
(City of Independence, Missouri – Crackerneck Creek Project)  
Series 2021**

**Dated: Date of Delivery**

**Due: See Inside Cover Page**

The Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021 (the "Series 2021 Bonds") are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Series 2021 Bonds will be paid from moneys available therefore under the Indenture (herein defined) by UMB Bank, N.A., Kansas City, Missouri, as Trustee and Paying Agent. Principal of the Series 2021 Bonds will be due as shown on the inside cover page. Interest on the Series 2021 Bonds will be payable on each March 1 and September 1, beginning on \_\_\_\_\_ 1, 20\_\_\_. The payment of debt service on the Series 2021 Bonds is on parity with the payment of debt service on the Series 2015C Bonds (as defined herein) which will remain outstanding. Such bonds, together with any additional parity bonds which may be issued under the Indenture are referred to herein as the "Bonds."

The Series 2021 Bonds are being issued to (i) refund and redeem obligations of the Board, (ii) fund an account of the Debt Service Reserve Fund (defined herein) or the cost of obtaining a Debt Service Reserve Policy (defined herein) for the Series 2021 Bonds, and (iii) pay costs of issuance related to the Series 2021 Bonds. See "**PLAN OF FINANCE - Refunded Bonds.**"

**The Series 2021 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2021 BONDS-Redemption."**

The Bonds will be payable from, (i) an assignment and a pledge of Loan Payments (defined herein) made by the City of Independence, Missouri (the "City"), pursuant to a Financing Agreement (defined herein) between the Missouri Development Finance Board (the "Board") and the City and (ii) certain other funds held by the Trustee under the Indenture. Except with respect to the Pledged Revenues (defined herein), the City's obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City's General Fund and other legally available funds, as described herein. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,**" "**THE CITY'S GENERAL FUND,**" and "**ANTICIPATED REVENUE SOURCES**" herein. A prospective purchaser is advised to read "**BONDOWNERS' RISKS**" herein for a description of certain risk factors which should be considered in connection with an investment in the Series 2021 Bonds.

THE BONDS ARE NOT AN INDEBTEDNESS OF THE BOARD, THE CITY, THE STATE OF MISSOURI OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE OF MISSOURI. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT, EXCEPT AS OTHERWISE DESCRIBED HEREIN. THE BOARD HAS NO TAXING POWER. PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BONDS IS NOT SECURED BY ANY DEED OF TRUST, MORTGAGE OR OTHER LIEN ON ANY PROPERTY OF THE CITY OR ANY DEVELOPER.

*The Series 2021 Bonds are offered when, as and if issued by the Board and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of their validity by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, as described herein. Certain legal matters will be passed upon for the Underwriter by its co-counsel, Orrick, Herrington & Sutcliffe LLP and Armstrong Teasdale LLP. Certain legal matters will be passed on for the City by the City Counselor, Independence, Missouri, and for the Board by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Series 2021 Bonds will be available for delivery through DTC on or about \_\_\_\_\_, 2021.*

Goldman Sachs & Co. LLC

The date of this Official Statement is \_\_\_\_\_, 2021.

\* Preliminary, subject to change.

**MISSOURI DEVELOPMENT FINANCE BOARD**

**[\$Principal Amount]\*  
Infrastructure Facilities Refunding Revenue Bonds  
(City of Independence, Missouri – Crackerneck Creek Project)  
Series 2021**

**Dated: Date of Delivery**

**Due: March 1 as shown below**

**Maturity Schedule\***

**Serial Bonds**

<b><u>Due March 1</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Offering Price</u></b>	<b><u>CUSIP No.†</u></b>
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**Term Bonds**

\$ \_\_\_\_\_ Term Bonds due March 1, 20 \_\_, Interest Rate: \_\_\_\_\_ %, Offering Price: \_\_\_\_\_ %, CUSIP No.† \_\_\_\_\_  
\$ \_\_\_\_\_ Term Bonds due March 1, 20 \_\_, Interest Rate: \_\_\_\_\_ %, Offering Price: \_\_\_\_\_ %, CUSIP No.† \_\_\_\_\_

\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Board, the City, the Municipal Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

## REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Board, the City, the Municipal Advisor or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information set forth herein has been obtained from the Board, the City and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Board, the Municipal Advisor or the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors, under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Board or the City since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BOARD. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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

This Official Statement contains “forward-looking statements.” These forward-looking statements include statements about the City’s projections and future plans and strategies, and other statements that are not historical in nature. These forward-looking statements are based on the current expectations of the City. When used in this Official Statement, the words “project,” “estimate,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve future risks and uncertainties that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements. These future risks and uncertainties include but are not limited to those discussed in the “**THE CITY’S GENERAL FUND**,” “**ANTICIPATED REVENUE SOURCES**” and “**BONDOWNERS’ RISKS**” sections of this Official Statement. The City undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

EXCEPT FOR INFORMATION CONCERNING THE BOARD IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED “**THE BOARD**” AND “**LITIGATION – The Board**,” NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOARD AND THE BOARD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

**DRAFT**

## OFFICIAL STATEMENT

### MISSOURI DEVELOPMENT FINANCE BOARD

**[\$[Principal Amount]\***  
**Infrastructure Facilities Refunding Revenue Bonds**  
**(City of Independence, Missouri – Crackerneck Creek Project)**  
**Series 2021**

### INTRODUCTORY STATEMENT

*The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the Cover Page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in **Appendix E** hereto.*

#### **Purpose of the Official Statement**

This Official Statement, including the cover page and the Appendices, sets forth certain information in connection with (i) the issuance and sale by the Missouri Development Finance Board, a body corporate and politic of the State of Missouri (the “Board”), of the above-described bonds (the “Series 2021 Bonds”), (ii) the Board, (iii) the City of Independence, Missouri (the “City”), and (iv) the Crackerneck Creek Project more fully described herein (the “Crackerneck Creek Project”).

#### **The Board**

The Board is a body corporate and politic duly created and existing under the laws of the State of Missouri (the “State”), including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the “Act”).

#### **The City**

The City of Independence, Missouri (the “City”) is a constitutional charter city and political subdivision of the State. See the caption “**THE CITY**” herein and “**APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI,**” “**APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020,**” and “**APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET.**”

#### **Use of Bond Proceeds**

The proceeds of the Series 2021 Bonds will be loaned to the City pursuant to the Financing Agreement dated as of October 1, 2015, as supplemented by a First Supplemental Financing Agreement dated as of \_\_\_\_\_, 2021 (together, the “Financing Agreement”) each between the Board and the City. The Series 2021 Bonds are being issued to (i) refund and redeem the Refunded Bonds (as defined under the caption “**PLAN OF FINANCE – Refunded Bonds**”), (ii) fund a deposit to an account of the Debt Service Reserve Fund or the cost of obtaining a Debt Service Reserve Policy (defined herein) for the Series 2021 Bonds, and (iii) pay costs of issuance related to the Series 2021 Bonds. See “**PLAN OF FINANCE.**”

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\* Preliminary, subject to change.

## The Crackerneck Creek Project

The Crackerneck Creek Tax Increment Financing Plan was approved by the City in 2004 and anticipated the development and construction of a 450,000 square foot commercial retail center (the “Crackerneck Creek Project”). The Crackerneck Creek Project was originally projected to include (i) the Bass Pro Store described herein, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. As of January 1, 2021, the Crackerneck Creek Project included the Bass Pro Store, a hotel, approximately 94,732 square feet of retail and approximately 28,266 square feet of restaurant uses. See “**CRACKERNECK CREEK PROJECT**” herein.

## Bonds Issued for the Crackerneck Creek Project

The Board has previously issued \$89,570,000 in bonds to pay costs of the Crackerneck Creek Project together with funding reserves, costs of issuance and capitalized interest.

All of such bonds have previously been refunded except the Board’s \$14,030,000 Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2006B (the “Series 2006B Bonds”). In 2013 the Board issued its \$14,005,000 Taxable Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013A (the “Series 2013A Bonds”) and its \$10,835,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013B (the “Series 2013B Bonds”) to refund a portion of the bonds issued to pay project costs. Additionally, in 2015, the Board issued its \$47,060,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2015C (the “Series 2015C Bonds”) to refund a portion of the bonds issued to pay project costs.

The Series 2006B Bonds, the Series 2013A Bonds, the Series 2013B Bonds, the Series 2015C Bonds and the Series 2021 Bonds are collectively referred to herein as the “Project Bonds.” The Project Bonds that will remain outstanding after the issuance of the Series 2021 Bonds (the “Outstanding Project Bonds”), and the principal amounts thereof, are set out in the table below. See “**PLAN OF FINANCE – Refunded Bonds**” for more detail on the specific maturities of Project Bonds to be refunded.

<u>Project Bonds</u>	<u>Original Principal Amount</u>	<u>Amount Refunded by the Series 2021 Bonds*</u>	<u>Amount Outstanding After Refunding (“Outstanding Project Bonds”)*</u>
Series 2006B Bonds	\$14,030,000	\$14,030,000	\$-0-
Series 2013A Bonds	14,005,000	13,905,000	-0-
Series 2013B Bonds	10,835,000	10,835,000	-0-
Series 2015C Bonds	47,060,000	-0-	47,060,000
Series 2021 Bonds	*	n/a	
<b>Total</b>		<b>\$38,770,000</b>	<b>\$</b>

The Series 2021 Bonds are being issued on a parity with the Series 2015C Bonds with respect to the lien on the Pledged Revenues (defined herein). The Indenture (defined below under the subheading “**The Series 2021 Bonds**”) provides for the future issuance of Additional Parity Bonds (see the captions “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Parity Bonds**,” and “**Project Bonds, Priority of Liens**”). The Series 2021 Bonds, the Series 2015C Bonds and any Additional Parity Bonds are collectively referred to herein as the “Bonds.”

\* Preliminary, subject to change.

Due to many factors, revenues received from the Crackerneck Creek Project have been materially short of the City's original projections. The City believes that even with significant additional development it is highly unlikely that the Crackerneck Creek Project will be able to generate sufficient revenues to pay debt service on the Project Bonds. Consequently, even if significant additional development occurs, additional revenues sources will need to be allocated to the payment of debt service on the Project Bonds. See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "THE CITY'S GENERAL FUND,"** and **"ANTICIPATED REVENUE SOURCES"** herein.

### **The Series 2021 Bonds**

The Series 2021 Bonds are being issued pursuant to the Act and the Bond Trust Indenture dated as of October 1, 2015, between the Board and Commerce Bank, as trustee (the "Original Trustee"), as amended by a First Supplemental Bond Trust Indenture dated as of \_\_\_\_\_, 2021 (together, the "Indenture") between the Board and UMB Bank, N.A., Kansas City, Missouri, as successor in interest to the Original Trustee (the "Trustee"), for the purpose of providing funds to make a loan to the City pursuant to the Financing Agreement, in consideration of payments by the City, which will be sufficient to pay the principal of and the interest on the Bonds (the "Loan Payments"), all as more fully described in the Financing Agreement and the Indenture. A description of the Series 2021 Bonds is contained in this Official Statement under **"THE SERIES 2021 BONDS."** All references to the Series 2021 Bonds are qualified in their entirety by the definitive forms thereof and the provisions with respect thereto included in the Indenture and the Financing Agreement.

### **Security and Sources of Payment for the Bonds**

The payment of debt service on the Series 2021 Bonds is on parity with the payment of debt service on the Series 2015C Bonds (as defined herein) which will remain outstanding. The Bonds and the interest thereon are special, limited obligations of the Board, payable by the Board solely from (1) certain payments to be made by the City under the Financing Agreement, and (2) certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Board. Except as described herein, all payments by the City under the Financing Agreement are subject to annual appropriation. See **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations."** Loan Payments under the Financing Agreement are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of and interest on the Bonds. Pursuant to the Indenture, the Board will assign to the Trustee, for the benefit and security of the owners of the Bonds, substantially all rights of the Board in the Financing Agreement, including all Loan Payments payable thereunder.

The payment of the Loan Payments with respect to debt service on the Bonds is subject to appropriation by various governing bodies as described in this Official Statement. Significant sources of revenues to make Loan Payments under the Financing Agreement, with the exception of certain limited Pledged Revenues, are subject to annual appropriation by the City Council of moneys from the City's General Fund and other special funds to the extent legally available (described as Other Appropriation Sources in this Official Statement). This includes certain sources of revenues generated by the Crackerneck Creek Project, which are not pledged to make Loan Payments, but which may be available for budget and appropriation. The City has covenanted in the Financing Agreement to annually request that the appropriation of the Loan Payments be included in the budget submitted to the City Council for each fiscal year, however, there can be no assurance that such appropriation will be made by the City Council, and the City is not legally obligated to do so. See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Annual Appropriation Obligation of the City"** and **"BONDOWNERS' RISKS – Risk Factors Related to Annual Appropriations"** herein.

Revenues generated by the Crackerneck Creek Project are currently not sufficient to pay debt service on the Project Bonds. Pledged Revenues are currently not sufficient to make Loan Payments in amounts sufficient to pay debt service on the Bonds or the other Project Bonds. The Other Appropriation Sources are subject to legal limitations on, and competing claims for, their use. Prospective investors should not rely upon the Pledged Revenues, the Other Project Revenues and the Dedicated Appropriation Sources (each as defined under the heading “**ANTICIPATED REVENUE SOURCES,**” herein) as sufficient sources of repayment of the Bonds, but should evaluate the likelihood that the City Council will appropriate amounts needed to make Loan Payments from the City’s General Fund and other legally available sources, including the Non-Dedicated Appropriation Sources (as defined under the heading “**ANTICIPATED REVENUE SOURCES,**” herein). See “**THE CITY’S GENERAL FUND,**” “**ANTICIPATED REVENUE SOURCES,**” and “**BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.**”

Certain of the revenues and payments with respect to the Project Bonds, including the Bonds, will terminate in 2026, 2036 and 2037. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” and “**ANTICIPATED REVENUE SOURCES**” herein.

To date, the City has expended \$13,951,364 from its General Fund, \$1,682,643 from utility funds, and \$2,258,751 from sales tax funds to support the payment of debt service on the Project Bonds. For the reasons described herein support from the City’s General Fund is expected to be necessary until all of the Project Bonds are paid.

**PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE PLEDGED REVENUES, THE OTHER PROJECT REVENUES AND THE DEDICATED APPROPRIATION SOURCES (AS DEFINED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES”) AS SUFFICIENT SOURCES OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE BONDS FROM ITS GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES, INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES (AS DEFINED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES”). VARIOUS PORTIONS OF THE PLEDGED REVENUES AND OTHER ANTICIPATED REVENUE SOURCES WILL TERMINATE PRIOR TO THE FINAL MATURITY OF THE SERIES 2021 BONDS AS DESCRIBED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES.” THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.**

The Bonds are not an indebtedness of City, the State or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State. Neither the full faith and credit nor the taxing powers of the City, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power. Payment of the principal and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on any property of the City or any developer.

See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,**” “**THE CITY’S GENERAL FUND,**” and “**ANTICIPATED REVENUE SOURCES**” herein.

#### **Bondowners’ Risks**

Payment of the principal of and interest on the Bonds is subject to certain risks (see “**BONDOWNERS’ RISKS**”) and the City’s ability to make Loan Payments under the Financing Agreement is further dependent upon the City’s ability and the City Council’s annual decision to appropriate and to continue to appropriate sufficient moneys from the City’s General Fund and other legally available funds

(including the Non-Dedicated Appropriation Sources) to make annual Loan Payments under the Financing Agreement. Prospective investors should not rely upon the collection of Pledged Revenues, Other Project Revenues and Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds. The City Council has, and future City Council members will have, the right to exercise in its and their sole and absolute discretion, for any reason, not to budget and appropriate funds. The City Council's decision to make appropriations could be affected by the availability and amount of Pledged Revenues and revenues from the Other Appropriation Sources relating to the Crackerneck Creek Project or otherwise. See **"BONDOWNERS' RISKS"** for a discussion of this and other risks. See also, **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations – General Fund Capacity."**

### **Additional Parity Bonds**

The Series 2021 Bonds are issued on a parity with the Series 2015C Bonds with respect to the lien on the Pledged Revenues under the Financing Agreement. The Indenture provides for the future issuance of additional bonds ("Additional Parity Bonds") which, if issued, will rank on a parity with the Bonds and any other bonds then outstanding under the Indenture issued on a parity with the Bonds as to the pledge of the Pledged Revenues. See the captions **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Parity Bonds,"** and **"– Project Bonds, Priority of Liens,"** and **"SUMMARY OF THE INDENTURE – Authorization of Additional Bonds"** in **Appendix E** hereto.

### **Continuing Disclosure**

The City will execute and deliver a Continuing Disclosure Undertaking for the benefit of the owners of the Series 2021 Bonds to provide certain annual financial information and notices of the occurrence of certain material events. A form of the Continuing Disclosure Undertaking is attached to this Official Statement in **Appendix J**. In order to promote future compliance with its continuing disclosure undertakings, the City has recently engaged Gilmore & Bell, P.C., to assist the City in meeting its continuing disclosure obligations and has recently adopted a new continuing disclosure compliance policy for the purpose of formalizing procedures to better ensure compliance with its continuing disclosure undertakings and designating a specific City staff member as having responsibility for continuing disclosure and ensuring that such staff member understands the City's continuing disclosure obligations. See **"CONTINUING DISCLOSURE"** herein.

### **Definitions and Summaries of Legal Documents**

Definitions of certain words and terms used in this Official Statement are set forth in **Appendix E** of this Official Statement. Summaries of the Indenture, the City's Authorizing Ordinance and the Financing Agreement are included in this Official Statement in **Appendix E** hereto. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be viewed at the principal corporate trust office of the Trustee, UMB Bank, N.A., Corporate Trust Department, 928 Grand Blvd, 12th Floor, Kansas City, MO 64106. Copies of such documents and the other documents described herein will be available at the offices of the Underwriter, Goldman Sachs & Co. LLC, 200 West Street, New York, NY 10282, during the period of the offering and, thereafter, at the corporate trust office of the Trustee.

## **THE BOARD**

### **General**

The issuer of the Series 2021 Bonds is the Missouri Development Finance Board (the "Board"), a body corporate and politic duly created and existing under the laws of the State, including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of



Missouri, as amended (the “Act”). The Series 2021 Bonds will be authorized and issued by the Board under the provisions of the statutes of the State, including the Act. Missouri law requires that the State shall not be liable in any event for the payment of the principal of or interest on any bonds of the Board or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Board and no breach of any such pledge, mortgage, obligation or agreement may impose any pecuniary liability upon the State or any charge upon the general credit or taxing power of the State.

## **Organization and Membership**

The Board was established pursuant to the Act in 1982 and consists of twelve members, eight of which are appointed by the Governor, with the advice and consent of the Senate. The Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Natural Resources serve as ex-officio, voting members of the Board. No more than five of the members may be of the same political party except for the Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Natural Resources. Appointed members serve terms of four years. Each member of the Board continues to serve until a successor has been duly appointed and qualified, unless such position becomes vacant under Missouri law.

**Robert V. Miserez** serves as Executive Director of the Board

As of the date hereof, the members of the Board and the terms of appointed members are as follows.

- **Marie J. Carmichael** – Chair, term as a member expires September 14, 2020. Ms. Carmichael is owner of Affordable Homes Development in Springfield, Missouri.
- **Matthew L. Dameron** – Secretary, term as a member expired September 14, 2019. Mr. Dameron is a partner with Williams Dirks Dameron LLC in Kansas City, Missouri.
- **John E. Mehner** – Treasurer, term as a member expired September 14, 2019. Mr. Mehner is President and CEO of the Cape Girardeau Area Chamber of Commerce in Cape Girardeau, Missouri.
- **Bradley G. Gregory** – term as a member expired September 14, 2019. Mr. Gregory is President and CEO of Bank of Bolivar in Bolivar, Missouri.
- **Cliff Holekamp** – term as a member expires September 14, 2020. Mr. Holekamp is Cofounder, Managing Director and General Partner of Cultivation Capital, a venture capital firm in St. Louis.
- **Dan E. Cranshaw** - term as a member expires September 14, 2022. Mr. Cranshaw is a shareholder at Polsinelli PC
- **John M. Parry** – term as a member expires September 14, 2024. Mr. Parry is chief executive officer of The Parry Group, a holding company for health care properties in Liberty, Missouri
- **Mike Kehoe** – ex-officio member. The Honorable Mike Kehoe is the Lieutenant Governor of the State of Missouri.

- **Robert B. Dixon** – ex-officio member. Mr. Dixon is the Director of the Department of Economic Development.
- **Chris Chinn** – ex-officio member. Ms. Chinn is the Director of the Department of Agriculture.
- **Carol S. Comer** – ex-officio member. Ms. Comer is the Director of the Department of Natural Resources.

### **Other Indebtedness of the Board**

The Board has sold and delivered other bonds and notes secured by instruments separate and apart from, and not secured by, the Indenture securing the Bonds. The holders and owners of such bonds and notes have no claim on assets, funds or revenues of the Board pledged under the Indenture, and the owners of the Bonds will have no claim on assets, funds or revenues of the Board securing other bonds and notes. The Board has never defaulted on any of its bonds or notes.

With respect to additional indebtedness of the Board, the Board intends to enter into separate agreements for the purpose of providing financing for other eligible projects and programs. Except for Additional Bonds, issues that may be sold by the Board in the future will be created under separate and distinct indentures or resolutions and secured by instruments, properties and revenues separate from those securing the Bonds.

EXCEPT FOR INFORMATION CONCERNING THE BOARD IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED “**THE BOARD**” AND “**LITIGATION – The Board**,” NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOARD AND THE BOARD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

### **THE CITY**

Incorporated in 1849, the City of Independence, Missouri (the “City”) is the county seat of Jackson County, Missouri and adjoins Kansas City, Missouri to the west. The City is the fifth largest city in Missouri. The City is organized under the laws of the State and operates under a Constitutional Charter approved by the voters in December 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms. See “**APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI**,” “**APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020**,” and “**APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET**.”

### **PLAN OF FINANCE**

#### **Refunded Bonds**

To effect the refunding of the Refunded Bonds a portion of the proceeds of the Series 2021 Bonds together with other moneys will be deposited in an Escrow Fund created under an Escrow Trust Agreement (the “Escrow Agreement”) among the Board, the City and the Trustee, as Escrow Agent, and used to purchase

certain securities and establish an initial cash balance. The moneys and securities deposited in the Escrow Fund will be sufficient to pay the applicable principal, redemption price and interest due on the Refunded Bonds through the date of their redemption or maturity, as applicable. The Escrow Agent will transfer sufficient moneys for the payment and redemption of the Refunded Bonds on the redemption dates thereof to the Trustee, as paying agent for the Refunded Bonds. Set forth below is a description of the Refunded Bonds: *The amounts and maturities of the Series 2015C Refunded Bonds (if any) will be determined at the time of pricing of the Series 2021 Bonds and may include all or any portion of the outstanding principal of the Series 2015C Refunded Bonds shown below. The final Official Statement will include a designation of the Series 2015C Refunded Bonds so determined. The entire outstanding principal amount of each of the Series 2006B Refunded Bonds, the Series 2013A Refunded Bonds and the Series 2013B Refunded Bonds shown below will be refunded by the Series 2021 Bonds.*

Series 2006B Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/26	\$14,030,000	5.790%	\$14,030,000	60636CTS8	TBD <sup>(1)</sup>

Series 2013A Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/25	\$4,620,000	4.693%	\$4,620,000	60636SBP8	100%
3/1/27	4,085,000	4.893	4,085,000	60636SBM5	100%
3/1/28	5,200,000	4.993	5,200,000	60636SBN3	100%

Series 2013B Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/29	\$10,835,000	4.125%	\$10,835,000	60636SBQ6	100%

[\*\*Series 2015C Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/24	\$1,200,000	3.000%	\$ _____	60636S FC3	100%
3/1/26	5,120,000	3.000	\$ _____	60636S FE9	100%
3/1/28	4,995,000	3.250	\$ _____	60636S FG4	100%
3/1/31	6,265,000	3.500	\$ _____	60636S FK5	100%
3/1/32	2,045,000	5.000	\$ _____	60636S FL3	100%
3/1/34	4,540,000	4.000	\$ _____	60636S FN9	100%
3/1/40	9,870,000	4.000	\$ _____	60636S FQ2	100%
3/1/45	13,025,000	4.000	\$ _____	60636S FR0	100%**]

(1) The Series 2006B Bonds are subject to a make-whole redemption, the redemption price for which cannot be calculated until shortly before the redemption date. An estimated redemption price will be used to size the Series 2021 Bonds with the expectation that the City will pay any shortfall between the estimated redemption price and the later calculated redemption price from amounts on deposit in the special allocation fund.

The refunding of the Refunded Bonds will reduce the current shortfall and expected shortfall between the collections of Pledged Revenues, Other Project Revenues and Dedicated Appropriation Sources and the debt service on the Outstanding Project Bonds and therefore the amount that the City anticipates will be

needed from the City’s General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources) to pay debt service on the Outstanding Project Bonds in future fiscal years. While it is impossible to predict the amount of the shortfall in future fiscal years, the City anticipates that the payment of the Loan Payments with respect to debt service on the Bonds will be dependent on appropriations from the City’s General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources).

**Sources and Uses of Funds\***

*Sources of Funds:*

Principal amount of the Series 2021 Bonds	\$
Reoffering Premium/(Discount)	
Prior Issue Reserve Funds	
Transfer from Special Allocation Fund	
<b>Total Sources of Funds</b>	<b>\$</b>

*Uses of Funds:*

Costs of Issuance **	\$
Deposit to Refunding Escrow	
Deposit to Series 2021 Debt Service Reserve Fund Account / Cost of Reserve Fund Policy	
<b>Total Uses of Funds</b>	<b>\$</b>

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\*\*Includes Underwriter’s Discount.

**The Crackerneck Creek Project**

The City approved the Crackerneck Creek Tax Increment Financing Plan in 2004. This approval established a redevelopment area consisting of approximately 192 acres (the “Crackerneck Creek Redevelopment Area”), designated such area as blighted, and designated Crackerneck Creek, L.L.C. as the developer for all projects in the Crackerneck Creek Redevelopment Area (the “Developer”). The Crackerneck Creek Tax Increment Financing Plan anticipated the development and construction of a proposed 450,000 square foot commercial retail center. The Crackerneck Creek Project was originally projected to include (i) the Bass Pro Store described below, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. As of January 1, 2021, the Crackerneck Creek Project included the Bass Pro Store, a hotel, approximately 94,732 square feet of retail and approximately 28,266 square feet of restaurant uses. Development of basic infrastructure for the Crackerneck Creek Project site was substantially completed in 2008. The total of improvements completed at the Crackerneck Creek Project include roads, water and sewer line relocation, utility installation, lake and dam construction, grading and fill and related hard and soft costs.

As part of the Crackerneck Creek Project, in 2004 the City entered into the Lease with Options (the “Bass Pro Lease”) with Bass Pro Outdoor World L.L.C. (“Bass Pro”). Pursuant to the Bass Pro Lease, the City owns a 160,000 square foot Bass Pro retail building (the “Bass Pro Store”) and leases the Bass Pro Store to Bass Pro under the terms and conditions contained in the Bass Pro Lease. Pursuant to the Bass Pro Lease the City made \$25,000,000 available to Bass Pro. This amount was funded from the proceeds of a series of Project Bonds that has since been refunded by subsequent series of Project Bonds. The proceeds of the Project Bonds were used to fund costs related to the development of the site and completion of the Crackerneck Creek

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\* Preliminary, subject to change.

Project. The Bass Pro Store is located on an approximate 20-acre parcel owned by the City, which is subject to the Bass Pro Lease. See **“THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER”** in **Appendix D** hereto.

The Bass Pro Store opened for business in March, 2008. A 55,000 square foot Hobby Lobby and a 25,000 square foot Mardels (a retailer selling Christian-oriented merchandise) opened in 2009. An 8,500 square foot Cheddar’s Casual Café restaurant opened in 2011, a 6,200 square foot Pizza Ranch opened in 2014 and the Stony Creek Inn, a 167 room hotel with approximately 30,000 square feet of conference space, opened in 2015. An approximately 14,732 square foot Duluth Trading Company location opened in 2016 and an approximately 13,566 square foot Los Cabos Mexican restaurant opened in 2017. No other leases or other binding commitments for potential tenants for the Crackerneck Creek Project have been executed as of the date hereof. The Developer has requested that the City consider an amendment to the Crackerneck Creek Tax Increment Financing Plan that would allow the Developer to pursue opportunities to construct a multifamily residential complex within the Crackerneck Creek Redevelopment Area, which is not currently authorized under the Crackerneck Creek Tax Increment Financing Plan. The City’s Tax Increment Financing Commission is expected to hold a hearing on the amendment in March of 2021, after which it may recommend approval of the amendment to City Council. The City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area.

**THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.**

## **THE CITY’S GENERAL FUND**

### **Introduction**

The General Fund is the City’s primary operating fund and accounts for the financial resources of the general governmental operations of the City, with the exception of those required to be accounted for in another fund. Based on the City’s 2020-2021 Operating Budget approved by the City Council on June 22, 2020, 83% of the City’s General Fund expenditures for Fiscal Year 2021 will consist of salary and benefits, 14% will consist of other operating expenses, and the remaining 3% will consist of equipment, debt service and contingency. During such period, the 2020-2021 Operating Budget anticipates that 43% of the City’s General Fund expenditures will relate to the fire department, 29% will relate to the police department, 18% will relate to general government and municipal services, and the remaining 10% will relate to community development, municipal court and non-departmental expenses. See **“APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020,”** and **“APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET.”**

### **Audited Financial Information for Fiscal Year 2020**

For Fiscal Year 2020, General Fund revenues totaled \$74,914,606 (including \$19,191,559 of payments in lieu of tax transferred to the General Fund from the City’s utility funds), while expenditures totaled \$76,073,805. This resulted in a net change in fund balance of (\$1,159,199) and an ending fund balance for the General Fund at June 30, 2020 of \$6,121,563, down from \$7,280,762 at June 30, 2019. See **“Summary of General Fund Revenues, Expenditures and Changes in Fund Balances”** and **“General Fund Balance Sheet Summary,”** below, and **“APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020.”** The ending unassigned General Fund balance (meaning funds that are spendable and are not contractually or legally restricted, committed by City Council or assigned to a specific purpose by management) at June 30, 2020 was \$5,301,516, reduced from \$6,591,442 at the end of Fiscal Year 2019.

## Summary of General Fund Revenues, Expenditures and Changes in Fund Balances

The following table sets forth a summary of the statement of revenues, expenditures, and changes in fund balances for the General Fund for Fiscal Years 2016 through 2020 based on the City's audited financial statements for such years:

	<u>Fiscal Year Ended June 30</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Revenues:</b>					
Taxes	\$34,310,898	\$34,365,768	\$35,210,279	\$34,475,439	\$33,455,975
Licenses and permits	3,588,466	5,330,354	4,598,143	4,733,488	5,012,961
Intergovernmental	5,303,538	5,349,727	5,349,156	5,246,676	5,106,634
Charges for services	2,075,958	2,305,140	2,431,168	2,454,494	2,538,096
Interfund charges for support services	4,913,709	4,943,014	5,099,696	5,035,500	5,035,500
Fines, forfeitures, and court costs	4,214,064	3,855,121	3,716,388	3,913,825	2,890,421
Investment income	108,463	82,327	99,270	430,482	447,157
Other	649,229	911,612	879,305	822,138	1,236,303
<b>Total</b>	<b>\$55,164,325</b>	<b>\$57,143,063</b>	<b>\$57,383,405</b>	<b>\$57,112,042</b>	<b>\$55,723,047</b>
<b>Expenditures:</b>					
Administrative services	\$7,556,113	\$7,802,582	\$8,029,276	\$10,401,559 <sup>(2)</sup>	\$8,564,556
Public safety	44,745,696	44,963,466	46,702,810	54,253,432 <sup>(1)(2)</sup>	55,781,405
Public works / Municipal services	4,542,415	4,614,587	5,160,869	6,635,525	4,936,540
Health and Welfare	2,557,116	1,848,932	1,518,497 <sup>(1)</sup>	-	-
Culture and recreation	1,538,291	1,458,987	1,444,728	2,116,353 <sup>(1)(2)</sup>	1,798,035
Community development	2,985,685	4,082,292	4,438,261	5,083,553	4,797,872
General government	8,899,694	8,497,811	8,839,125 <sup>(2)</sup>	341,595	18,000
Capital outlay	168,113	293,748	317,369	-	-
Debt service	140,221	121,522	159,795	160,457	165,670
<b>Total</b>	<b>\$73,133,344</b>	<b>\$73,683,927</b>	<b>\$76,610,730</b>	<b>\$78,992,474</b>	<b>\$76,062,078</b>
Excess (deficiency) of revenues over expenditures	\$(17,969,019)	\$(16,540,864)	\$(19,227,325)	\$(21,880,432)	\$(20,339,031)
<b>Other sources:</b>					
Utility payments in lieu of taxes	\$18,515,336	\$18,998,671	\$20,067,531	\$20,370,728	\$19,191,559
Transfers in	-	197,063	-	-	-
Transfers out	(550,152)	(10,000)	(337,637)	(10,358)	(11,727)
<b>Total</b>	<b>\$17,965,184</b>	<b>\$19,185,734</b>	<b>\$19,729,894</b>	<b>\$20,360,370</b>	<b>\$19,179,832</b>
Net change in fund balance	\$(3,835)	\$2,644,870	\$502,569	\$(1,520,062)	\$(1,159,199)
Fund balance, beginning	5,657,220	5,653,385	8,298,255	8,800,824	7,280,762
Fund balance, ending	\$5,653,385	\$8,298,255	\$8,800,824	\$7,280,762	\$6,121,563

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2016 through 2020.

<sup>(1)</sup> Starting with Fiscal Year 2019, Health and Welfare expenditures are no longer recognized as a separate General Fund expenditure category in the City's audited financial statements, with such expenses being shifted to the Public Safety and the Culture and Recreation expenditure categories.

<sup>(2)</sup> Starting with Fiscal Year 2019, the City's audited financial statements shifted certain expenses, most notably health insurance costs, out of the General Government category and into the Administrative Services, Public Safety and Culture and Recreation categories to which such costs are allocable.

## General Fund Balance Sheet Summary

The following table sets forth a summary of the General Fund balance sheet for Fiscal Years 2016 through 2020 based on the City's audited financial statements for such years:

	<b><u>Fiscal Year Ended June 30</u></b>				
	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b>Assets:</b>					
Pooled cash and investments	\$4,697,597	\$6,374,817	\$6,884,375	\$6,170,710	\$2,062,198 <sup>(1)</sup>
<b>Receivables:</b>					
Taxes	11,645,306	12,046,236	13,309,913	12,481,216	12,134,680
Accounts, net	233,767	173,542	114,244	296,452	138,707
Special assessment principal	465,296	642,387	640,514	548,352	672,580
Accrued interest	-	14,551	13,054	27,107	24,961
Due from other funds	897,212	1,139,658	1,318,880	2,217,188	4,347,984 <sup>(1)</sup>
Due from other governments	845,557	737,347	807,589	795,421	816,026
Prepaid Items	11,424	-	-	-	-
Restricted cash and investments	236,048	226,530	267,354	279,515	244,915
<b>Total Assets</b>	<b>\$19,032,207</b>	<b>\$21,355,068</b>	<b>\$23,355,923</b>	<b>\$22,815,961</b>	<b>\$20,442,051</b>
<b>Liabilities:</b>					
Accounts and contracts payable	\$252,953	\$447,299	\$520,846	\$706,828	\$271,804
Due to other funds	-	-	-	222,000	165,750
Due to other governments	-	-	-	-	155,367
Accrued items	3,697,824	2,808,738	3,041,222	4,598,439	3,296,793
Other current liabilities	664,138	591,919	889,679	711,132	889,705
Unearned revenue	-	117,882	-	-	-
<b>Liabilities payable from restricted assets:</b>					
Deposits and court bonds	236,048	226,530	267,354	279,516	244,915
<b>Total Liabilities</b>	<b>\$4,850,963</b>	<b>\$4,192,368</b>	<b>\$4,719,101</b>	<b>\$6,517,915</b>	<b>\$5,024,334</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable - special assessments	\$465,296	\$642,387	\$640,514	\$550,711	\$677,914
Unavailable - real estate taxes	8,062,563	8,222,058	9,195,484	8,466,573	8,618,240
<b>Total Deferred Inflows</b>	<b>\$8,527,859</b>	<b>\$8,864,445</b>	<b>\$9,835,998</b>	<b>\$9,017,284</b>	<b>\$9,296,154</b>
<b>Total liabilities and deferred inflows</b>	<b>\$13,378,822</b>	<b>\$13,056,813</b>	<b>\$14,555,099</b>	<b>\$15,535,199</b>	<b>\$14,320,488</b>
<b>Fund Balances:</b>					
Nonspendable	\$11,424	-	-	-	-
Restricted	273,164	\$404,806	\$395,412	\$84,386	\$78,022
Committed	348,001	261,700	106,884	30,762	18,105
Assigned	1,336,086	1,648,808	1,268,521	574,172	723,920
Unassigned	3,684,710	5,982,941	7,030,007	6,591,442	5,301,516
<b>Total</b>	<b>\$5,653,385</b>	<b>\$8,298,255</b>	<b>\$8,800,824</b>	<b>\$7,280,762</b>	<b>\$6,121,563</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$19,032,207</b>	<b>\$21,355,068</b>	<b>\$23,355,923</b>	<b>\$22,815,961</b>	<b>\$20,442,051</b>

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2016 through 2020.

<sup>(1)</sup> As a mechanism of balancing funds showing negative balances at fiscal year end, the City credited an additional \$2,130,796 of General Fund pooled cash and investments to other special funds of the City and recorded such amounts as "due from other funds" to the General Fund. The funds borrowing the largest amounts from the General Fund balance during Fiscal Year 2020 were the City's workers' compensation fund and enterprise resource planning fund.

## The City's 2020-2021 Operating Budget

The following information describing the City's General Fund is contained in the City's 2020-2021 Operating Budget approved by the City Council on June 22, 2020. The 2020-2021 Operating Budget is attached hereto as **Appendix C**.

Total revenues for the General Fund in the 2020-2021 Operating Budget are \$74,437,013,<sup>(1)</sup> or a decrease of \$3,601,779 from the final 2019-2020 budget. Total expenditures for the General Fund in the 2020-2021 Operating Budget are \$74,437,013, or a decrease of \$3,279,754 from the final 2019-2020 budget.

The anticipated decrease in General Fund revenues is attributed to two primary factors in the 2020-2021 Operating Budget. First, starting with Fiscal Year 2021, revenues and expenditures of the City's health and recreation property tax, which were previously accounted for as part of the General Fund, will be separated from the General Fund and accounted for as part of the City's new Health and Recreation Property Tax Fund. This change shifts \$2,008,813 in budgeted revenues and \$1,899,830 in budgeted expenses from the General Fund to the Health and Recreation Property Tax Fund for Fiscal Year 2021. The 2020-2021 Operating Budget attributes the remaining anticipated decreases in General Fund revenues primarily to the effects of COVID-19 (discussed in more detail below under the heading "**BONDOWNERS' RISKS – Effects of COVID-19**"). The City's 2020-2021 Operating Budget anticipates a decline of 21% for sales taxes received by the City in Fiscal Year 2021.

The 2020-2021 Operating Budget includes a series of reductions aimed at reducing budgetary pressures that it attributes primarily to the anticipated effects of COVID-19. See pages 15 through 18 of the 2020-2021 Operating Budget in **Appendix C** hereto for discussion of the City's response to General Fund budgetary pressures anticipated for Fiscal Year 2021.

According to the 2020-2021 Operating Budget, revenue assumptions were developed based on the assumption that economic activity would resume levels similar to those prior to the COVID-19 pandemic by fall of 2020. The 2020-2021 Operating Budget anticipates an ending fund balance for the General Fund at June 30, 2021 of \$5,384,018 (a reduction of \$138,607 from the ending fund balance for the General Fund at June 30, 2020 estimated by the 2020-2021 Operating Budget, or a reduction of \$82,502 from the actual ending fund balance for the General Fund at June 30, 2020 shown in the City's Comprehensive Annual Financial Reports for Fiscal Year 2020) based on its COVID-19 recovery timeline assumptions. The 2020-2021 Operating Budget identifies \$1,509,018 of such anticipated ending fund balance as contingency in case the COVID-19 recovery timeline is longer than anticipated. Additionally, the 2020-2021 Operating Budget anticipated that the City would draw \$2,000,000 on the Interfund Loan during Fiscal Year 2020 (defined below under the subheading "**The Interfund Loan**"), which did not occur (see "**Post-Budget Developments**," below). Based on the treatment of \$1,509,018 of anticipated ending General Fund balance as contingency and the assumption that \$2,000,000 would be drawn on the Interfund Loan by the end of Fiscal Year 2020, the 2020-2021 Operating Budget projects an ending unassigned General Fund balance (meaning funds that are spendable and are not contractually or legally restricted, committed by City Council or assigned to a specific purpose by management) at June 30, 2021 of \$1,875,000. See "**Post-Budget Developments**," below, for a description of certain developments that have occurred since the adoption of the 2020-2021 Operating Budget.

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<sup>(1)</sup> On page 13 of the 2020-2021 Operating Budget is attached hereto as **Appendix C**, the City Manager's discussion refers to anticipated 2020-2021 revenues and matching expenses of \$72,822,481. However, in the detailed schedules of revenues and expenses on pages 167 and 170 of the 2020-2021 Operating Budget, the revenues and expenditures shown for 2020-2021 are \$74,437,013. This is due to a transit grant received by the City in the amount of \$1,614,532 after submission of the proposed budget to the City Council, to be used for operation of City bus lines, which had been slated for reductions in the proposed budget. The approved 2020-2021 Operating Budget schedules of revenues and expenses were adjusted to account for this, but the City Manager's discussion was not.



## General Fund Budgets and Results

The following table sets forth a summary of the City's budgeted and actual General Fund revenues and expenses for Fiscal Years 2019 and 2020 and the budgeted amounts for Fiscal Year 2021:

	<u>Fiscal Year Ended June 30</u>				
	<u>2019 Budget</u>	<u>2019 Results</u>	<u>2020 Budget</u>	<u>2020 Results</u>	<u>2021 Budget</u>
<b>Revenues:</b>					
Taxes	\$34,715,000	\$34,475,439	\$35,592,370	\$33,455,975	\$31,453,100
Licenses and permits	4,817,260	4,733,488	4,725,150	5,012,961	4,392,069
Grants / Intergovernmental	5,366,228	5,246,676	5,405,207	5,106,634	5,262,150
Charges for current services	2,501,331	2,454,494	3,092,576	2,538,096	2,058,050
Interfund charges for support services	5,155,242	5,035,500	5,155,242	5,035,500	5,035,500
Fines, forfeitures, and court costs	3,897,525	3,913,825	3,727,250	2,890,421	3,771,000
Other	602,500	1,252,620	726,997	1,683,460	2,668,532
<b>Total</b>	<b>\$57,055,086</b>	<b>\$57,112,042</b>	<b>\$58,424,792</b>	<b>\$55,723,047</b>	<b>\$54,640,401</b>
<b>Expenditures:</b>					
City Council	\$830,811	\$829,501	\$662,334	\$598,581	\$835,793
City Clerk	302,250	217,389	391,811	583,714	-(1)
City Manager	1,511,092	1,221,917	1,262,336	1,262,823	1,187,339
Municipal Court	1,165,716	1,149,997	1,185,946	1,165,674	1,207,254
Law	889,339	944,393	629,624	746,606	-(1)
Finance	6,111,762	6,266,952	5,037,696	4,445,067	5,939,906(1)
Community Development	5,351,414	5,090,584	5,253,431	4,866,759	5,637,543
Police	32,096,729	32,358,354	33,941,440	32,944,628	31,553,037
Fire	21,171,546	21,964,071	21,556,496	22,789,676	21,181,684
Animal Services	-	-	-	8,591	-
Public Works / Municipal Services	5,947,353	6,244,951	5,817,757	5,015,437	4,775,106
Parks and Recreation	2,387,289	2,134,661	1,967,896	1,780,671	-
Capital Outlay	297,663	297,662	-	-	-
Debt Service	-	-	-	5,876	-
Non-Departmental (1)	-	-	-	-	2,109,351
<b>Total</b>	<b>\$78,062,964</b>	<b>\$78,720,432</b>	<b>\$77,706,767</b>	<b>\$76,214,103</b>	<b>\$74,427,013</b>
Excess (deficiency) of Revenues over (under) Expenditures	\$(21,007,878)	\$(21,608,390)	\$(19,281,975)	\$(20,491,056)	\$(19,786,612)
<b>Transfers:</b>					
Transfers in	\$19,750,000	\$20,370,728	\$19,614,000	\$19,191,559	\$19,796,612
Transfers out	(10,000)	(11,727)	(10,000)	(11,727)	\$(10,000)
<b>Total transfers:</b>	<b>\$19,740,000</b>	<b>\$20,359,001</b>	<b>\$19,604,000</b>	<b>\$19,179,832</b>	<b>\$19,786,612</b>
Excess (deficiency) of Total Financing Sources over (under) Uses	\$(1,267,878)	\$(1,249,389)	\$322,025	\$(1,311,224)	\$-0-

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2019 through 2020, City's 2020-2021 Operating Budget.

(1) The 2020-2021 Operating Budget groups items of expense into different categories than the budgetary comparison schedules provided by the City's Comprehensive Annual Financial Reports for Fiscal Years 2019 through 2020.

## **The Interfund Loan**

The City Council of the City has authorized a series of loans for the benefit of the General Fund (referred to collectively as the “Interfund Loan”). In response to tax collection shortfalls anticipated in connection with COVID-19, the City Council of the City, on April 6, 2020, authorized a series of loans to the General Fund from the City’s cash and investment pool (the “Investment Pool”). The Investment Pool is a device used with respect to most of the City’s governmental and proprietary funds, where moneys from such funds are aggregated for investment purposes. Each fund’s portion of the Investment Pool is accounted for as “pooled cash and investments” in the City’s financial statements. Interest earned on the investments is allocated to each fund on the basis of average monthly cash balance in the Investment Pool. Examples of amounts in the Investment Pool include utility funds reserved for future capital project expenses and amounts set aside for sales tax fund reserves.

The City Council authorized the Interfund Loan as authorization for the City Manager to execute a series of loans from the Investment Pool for the benefit of the General Fund with an aggregate principal amount of such loans not to exceed \$25,000,000. The approving ordinance states that each loan will bear interest at the rate equal to the midpoint between the Treasury yield and the Bloomberg Muni Benchmark yield, plus 50 basis points.

## **Post-Budget Developments**

The 2020-2021 Operating Budget anticipated that the City would draw down \$2,000,000 of the Interfund Loan by the end of Fiscal Year 2020. However, the City experienced less revenue loss during Fiscal Year 2020 than anticipated by the 2020-2021 Operating Budget (see “**THE CITY’S GENERAL FUND – Audited Financial Information for Fiscal Year 2020,**” above), with the result being that the City’s draws on the Interfund Loan as of June 30, 2020 totaled \$-0-. The City does not currently anticipate the need to draw on the Interfund Loan, but will re-evaluate this need as the continuing impact of COVID-19 is determined. According to the 2020-2021 Operating Budget, the elimination of the anticipated Fiscal Year 2020 Interfund Loan draws would result in a projected ending unassigned General Fund balance (meaning funds that are spendable and are not contractually or legally restricted, committed by City Council or assigned to a specific purpose by management) at June 30, 2021 of \$5,384,018, based on the COVID-19 recovery timeline assumptions set out in the 2020-2021 Operating Budget, or \$3,875,000, based on the COVID-19 contingency estimate set out in the 2020-2021 Operating Budget.

In the first half of Fiscal Year 2021, the City did not see the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget. In fact, first half collections of sales tax exceeded first half collections in Fiscal Year 2020. Additionally, use tax collections in the first half of Fiscal Year 2021 exceeded the assumptions of the 2020-2021 Operating Budget. Proceeds of the City’s use tax must be applied for the purposes of (1) operating a no-kill animal shelter and (2) funding additional police officers for the City until certain funding thresholds are reached, after which the proceeds are deposited into the City special sales tax accounts based on the levy rate of each such tax, a portion of which would be allocated to the General Fund. The above-estimated collections of sales and use tax, however, were offset by reduced collections of franchise fees imposed on utility billings, with the result that City Staff views the current overall position of the General Fund at the midpoint of Fiscal Year 2021 to be close to the estimates of the 2020-2021 Operating Budget.

Jackson County, in which the City is located, received \$122,669,998 in funding under the federal Coronavirus Aid, Relief, and Economic Security Act or “CARES Act,” which money, by law, is to be spent on necessary expenditures incurred due to the COVID-19 public health emergency. Jackson County established a volunteer advisory group to make recommendations to the County Executive as to expenditures of the money in accordance with CARES Act requirements. The City received approximately \$6,953,474 in distributions of such funds from Jackson County, which helped to offset an anticipated \$10,399,556 in COVID-19 response-related expenses.

## ANTICIPATED REVENUE SOURCES

**Except with respect to the Pledged Revenues (defined below), the City’s obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City’s General Fund and other legally available funds, as described herein.** The following table describes the Pledged Revenues and the other revenues anticipated by the City as sources of annual appropriations to make Loan Payments relating to the Bonds and other Project Bonds. Each “Revenue Source” identified in the table below is defined and discussed in the text following the table.

The Pledged Revenues, EATS and Bass Pro Lease Payments have been materially short of the amount needed to fund debt service payments on the Project Bonds, and are expected to continue to be materially short of the amount needed to fund debt service payments on the Outstanding Project Bonds after the issuance of the Series 2021 Bonds. Prospective investors should not rely upon the Pledged Revenues, the Other Project Revenues and the Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds, but should evaluate the likelihood that the City will appropriate amounts needed to make Loan Payments under the Financing Agreement relating to the Bonds from the City’s General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources). See **“THE CITY’S GENERAL FUND”** and **“BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.”** See also **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Parity Bonds”** and **“BONDOWNERS’ RISKS - Inability to Issue Future Series of Bonds.”**

*[remainder of page intentionally left blank]*

	<i>Revenue Source</i>	<i>Description of Availability</i>	<i>City Fund Holding Revenues</i>	<i>Limitations on Use</i>	<i>Termination / Sunset</i>	
<b>GENERAL FUND REVENUES</b>	General Fund Revenues	Source of annual appropriations by City	General Fund	Any lawful municipal purpose, which may include debt service on the Project Bonds	No sunset	
	PILOTS (Payments in Lieu of Taxes)	Pledged to the Project Bonds once received by the City (payment to the City is subject to annual appropriation by the State)	Special Allocation Fund	Crackmeck Creek Project redevelopment costs, including debt service on the Project Bonds	2026	
	State TIF Revenues	Pledged to the Project Bonds once received by the City (payment to the City is subject to annual appropriation by the Crackerneck TDD)	Special Allocation Fund	Crackmeck Creek Project redevelopment costs, including debt service on the Project Bonds	2026	
	TDD Revenues (Crackerneck TDD)	Source of annual appropriations by City	Special Allocation Fund	Transportation-related Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2036	
<b>OTHER APPROPRIATION SOURCES</b>	<b>Other Project Revenues</b>	Source of annual appropriations by City	General Fund	Any lawful municipal purpose, which may include debt service on the Project Bonds	See Appendix D	
	<b>Dedicated Appropriation Sources</b>	Bass Pro Lease Payments	Source of annual appropriations by City	General Fund	Crackmeck Creek Project redevelopment costs, including debt service on the Project Bonds	2026
		EATS (Economic Activity Taxes)	Source of annual appropriations by City	Special Allocation Fund	Costs of I-70 / Little Blue Parkway Plan, which currently consist of Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2037
	<b>Non-Dedicated Appropriation Sources</b>	I-70 / Little Blue Parkway Revenues	Source of annual appropriations by City	Special Allocation Fund	Street costs, which may include debt service on the Project Bonds to the extent allocable to street costs	No sunset
		Street Improvement Sales Tax Fund Revenues	Source of annual appropriations by City	Street Improvement Sales Tax Fund	Parks costs, which may include debt service on the Project Bonds to the extent allocable to parks costs	No sunset
		Park Improvement Sales Tax Fund Revenues	Source of annual appropriations by City	Park Improvement Sales Tax Fund	Stormwater costs, which may include debt service on the Project Bonds to the extent allocable to stormwater costs	No sunset
		Storm Water Sales Tax Fund Revenues	Source of annual appropriations by City	Storm Water Sales Tax Fund	Health and recreation costs, which may include debt service on the Project Bonds to the extent allocable to health and recreation costs	No sunset
		Health and Recreation Property Tax Fund Revenues	Source of annual appropriations by City	Health and Recreation Property Tax Fund		
			Source of annual appropriations by City			

The City's ability to make Loan Payments under the Financing Agreement as and when due is dependent upon the City Council's annual decision to appropriate and to continue to appropriate sufficient moneys from the City's General Fund and other legally available funds to make such Loan Payments under the Financing Agreement. Prospective investors should not rely upon the collection of the Pledged Revenues, the Other Project Revenues and the Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds. The City Council has, and future City Council members will have, the right to exercise in its and their sole and absolute discretion, for any reason, not to budget and appropriate funds. The City Council's decision to make appropriations could be affected by the availability and amount of Pledged Revenues and revenues from the Other Appropriation Sources relating to the Crackerneck Creek Project or otherwise. See **"BONDOWNERS' RISKS"** for a discussion of this and other risks. See also, **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations."**

Certain of the revenues and payments with respect to the Project Bonds, including the Series 2021 Bonds, will terminate in 2026, 2036 and 2037, as described herein. The Bass Pro Lease provides that Bass Pro would open for business on the commencement date stated in the Lease and it will remain open and continuously operate under the Bass Pro trade name during the entire 20-year initial term (the "Operating Covenant Period") of the Bass Pro Lease, subject thereafter to Bass Pro's option to renew the Bass Pro Lease for nine one-year periods, and after that three five-year periods. Following the Operating Covenant Period, Bass Pro will have no obligation to remain open for business to the public. The Operating Covenant Period runs through the year 2026.

### **General Fund Revenues**

Payment of the principal of and interest on the Bonds is dependent upon annual decisions by the City Council to appropriate and to continue to appropriate sufficient moneys from the City's General Fund and other legally available funds (including the Non-Dedicated Appropriation Sources) to make Loan Payments under the Financing Agreement. Prospective investors should not rely upon the Pledged Revenues, the Other Project Revenues and the Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds, but should evaluate the likelihood that the City will appropriate amounts needed to make Loan Payments under the Financing Agreement relating to the Bonds from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources). See **"THE CITY'S GENERAL FUND"** and **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations – General Fund Capacity."**

See **"THE CITY'S GENERAL FUND – Audited Financial Information for Fiscal Year 2020,"** **"– The City's 2020-2021 Operating Budget,"** and **"– Post-Budget Developments"** for a discussion of General Fund revenues, expenses and ending fund balances for Fiscal Year 2020 and budgeted amounts for Fiscal Year 2021 based on the City's 2020-2021 Operating Budget and subsequent developments.

### **Pledged Revenues**

The following revenues (the "Pledged Revenues") are pledged to the payment of the Loan Payments with respect to debt service on the Bonds. The payment of the State TIF Revenues (defined below) and the TDD Revenues (defined below) to the City is subject to annual appropriation by the State and the Crackerneck TDD (defined below), respectively, but the pledge of such revenues received by the City to the Bonds is not subject to annual appropriation by the City.

## ***PILOTS***

The Crackerneck Creek Project generates property tax increment (referred to as “Payments in Lieu of Taxes” or “PILOTS”) based on the increase in value of the real property comprising the Crackerneck Creek Project over the value of such real property prior to the adoption of tax increment financing for the Crackerneck Creek Project. See “**APPENDIX G – TAX INCREMENT FINANCING IN MISSOURI**” for an explanation of how PILOTS are calculated and collected. During Fiscal Years 2019 and 2020, the City received \$523,925 and \$587,673, respectively, in PILOTS with respect to the Crackerneck Creek Project. The collection of PILOTS will terminate in 2026. The County Assessor’s office of Jackson County undertook a significant reassessment of property throughout Jackson County in 2019, resulting in increased property taxes and PILOTS for many properties throughout Jackson County, including the Crackerneck Creek Project, for Fiscal Year 2020.

## ***State TIF Revenues***

In November, 2005, the State granted the Crackerneck Creek Project State TIF assistance. Under this program, subject to annual caps, the State, subject to annual appropriation by the General Assembly, pays to the City the lesser of the annual cap amount or 50% of the 3% general revenue portion of the State sales tax on “net new sales” generated by the Crackerneck Creek Project. For the purpose of the State TIF approval, “net new sales” equals 40% of retail sales in the Crackerneck Creek Project. Because of the lower than projected retail sales in the Crackerneck Creek Project, the annual amounts received by the City pursuant to State TIF (“State TIF Revenues”) have been materially below the annual cap amounts. During Fiscal Years 2019 and 2020, the City received \$278,360 and \$243,743, respectively, in State TIF Revenues with respect to the Crackerneck Creek Project. The collection of State TIF Revenues will terminate in 2026.

## ***TDD Revenues***

On July 26, 2006, the Crackerneck Creek Transportation Development District (the “Crackerneck TDD”) was formed by order of the Jackson County Circuit Court. The Crackerneck TDD was formed to fund a portion of the transportation improvements associated with the Crackerneck Creek Project. The boundaries of the Crackerneck TDD encompass all retail areas in the Crackerneck Creek Project, as well as a portion of the City park area within the Crackerneck Creek Redevelopment Area that is located to the west of the retail area. The Crackerneck TDD has authorized a one-cent sales tax on retail sales (the “TDD Sales Tax”) to fund transportation improvements. An amount equal to 7/8<sup>th</sup> of the TDD Sales Tax revenues are pledged by the City, after appropriation by the Crackerneck TDD and payment to the City, to secure the Loan Payments with respect to the Project Bonds. Originally, the remaining 1/8<sup>th</sup> of the TDD Sales Tax revenues was to be used by the City to fund a transportation service serving the Crackerneck Creek Project. To date, that service has not been established and the 1/8<sup>th</sup> cent has been used to pay principal and interest on the Project Bonds. During each of the Fiscal Years 2019 and 2020, the City received \$215,000 in TDD Revenues with respect to the Crackerneck Creek Project. The collection of TDD Revenues will terminate in 2036.

## **Other Project Revenues**

The following revenues are generated by the Crackerneck Creek Project, but are not pledged to the payment of the Loan Payments with respect to debt service on the Bonds. Such revenues are available for any lawful purpose of the City, including appropriation to the payment of the Loan Payments with respect to debt service on the Bonds.

### ***Bass Pro Lease Payments***

The City owns the 160,000 square foot building housing the Bass Pro Store and leases the building to Bass Pro under the terms and conditions contained in the Bass Pro Lease. See “**PLAN OF FINANCE – The Crackerneck Creek Project,**” above, and “**THE BASS PRO STORE, THE BASS PRO LEASE AND**

**THE STATUS OF THE DEVELOPER”** in **Appendix D** hereto. The initial term of the Bass Pro Lease ends December 31, 2026, at which point Bass Pro has the option to renew the Lease for nine one-year periods, and after that three five-year periods. During the initial term, Bass Pro is required to pay the City rent equal to 2% of “Gross Sales,” except for sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which Bass Pro is obligated to pay 1% with a maximum of \$250 per such boat or vehicle sold. In addition, Bass Pro is obligated to pay “Minimum Percentage Rent” of \$1,000,000 during each year of the initial term. Historically Bass Pro has never exceeded the \$1,000,000 Minimum Percentage Rent. During any of the nine one-year renewal options starting with calendar year 2027, Bass Pro will pay rent equal to \$10 per year. However, during the time that certain Project Bonds are Outstanding or until the expiration of the third one-year renewal option (if exercised by Bass Pro), whichever occurs first, Bass Pro shall be obligated to pay \$1,000,000 per year. During any of the three five-year renewal options, Bass Pro will pay rent equal to 1% of Gross Sales in excess of \$30,000,000, except for Gross Sales respecting sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which shall be 0.5% of such Gross Sales. The rental payments made by Bass Pro to the City under the Bass Pro Lease are referred to herein as the “Bass Pro Lease Payments.”

Neither the Loan Payments nor the Bonds will have any lien on the Bass Pro Store or the Bass Pro Lease Payments. The Bass Pro Lease Payments will be available for deposit in the City’s General Fund, from which appropriations can be made for the payment of the Loan Payments with respect to debt service on the Bonds. Pursuant to the Financing Agreement, the Bass Pro Lease Payments shall not be applied to pay debt service on the Series 2015C Bonds.

### **Dedicated Appropriation Sources**

The application of revenues from the following sources (the “Dedicated Appropriation Sources”) to debt service on the Bonds or any Project Bonds is subject to annual appropriation by the City. Such revenues have been established for and can be applied only to limited purposes, however, that include debt service on the Project Bonds, as further described below.

#### ***EATS***

The Crackerneck Creek Project generates tax increment (referred to as “Economic Activity Taxes” or “EATS”) consisting of 50% of the increase in tax revenues generated by economic activities within the Crackerneck Creek Project (including most sales and utilities taxes, but excluding certain taxes specified by statute) over the amount of such taxes generated by economic activities within the Crackerneck Creek Project in the calendar year prior to the adoption of tax increment financing for the Crackerneck Creek Project. See **“APPENDIX G – TAX INCREMENT FINANCING IN MISSOURI”** for an explanation of how EATS are calculated and collected. During Fiscal Years 2019 and 2020, the City received \$895,373 and \$858,750, respectively, in EATS with respect to the Crackerneck Creek Project. The collection of EATS will terminate in 2026.

Although the application of EATS to debt service on the Project Bonds is subject to annual appropriation by the City, the EATS may only be applied to redevelopment project costs associated with the Crackerneck Creek Project, which costs include debt service on the Project Bonds. The City has informed the Developer that it does not intend to pay additional redevelopment project costs incurred by the Developer relating to the Crackerneck Creek Project, because there are insufficient PILOTS, EATS, State TIF Revenues and TDD Revenues to pay debt service on the existing Project Bonds, leaving no revenues available for repayment of redevelopment project costs pursuant to the agreements between the City and the Developer.

### *I-70 / Little Blue Parkway Revenues*

On December 17, 2012, the City Council approved the I-70 and Little Blue Parkway Tax Increment Financing Plan (the “I-70 / Little Blue Parkway Plan”) for a redevelopment area with boundaries partially overlapping the Crackerneck Creek Redevelopment Area (the Crackerneck Creek Redevelopment Area constitutes project area #4 under the I-70 / Little Blue Parkway Plan). The I-70 / Little Blue Parkway Plan is comprised of four redevelopment project areas, but tax increment financing revenues are collected within only two of such project areas. The revenues from payments in lieu of taxes and economic activity taxes generated by project area #1 and project area #3 under the I-70 / Little Blue Parkway Plan (the “I-70 / Little Blue Parkway Revenues”) are available for the City as a source of appropriations to the Outstanding Project Bonds; provided that, fifty percent of the payments in lieu of taxes collected under the I-70 / Little Blue Parkway Plan are declared as surplus and distributed to the taxing jurisdictions, and further provided that the economic activity taxes generated by the sales tax imposed by the Independence Events Center Community Improvement are returned to such district. Project area #1 of the I-70 / Little Blue Parkway Plan contains a Menards home improvement store, a QuikTrip convenience store and four out-lot restaurants. Project area #3 of the I-70 / Little Blue Parkway Plan contains a car wash, an Old Chicago pizza restaurant, a Slim Chickens restaurant and Main Event, a family fun and entertainment venue.

Although the application of I-70 / Little Blue Parkway Revenues to debt service on the Project Bonds is subject to annual appropriation by the City, the I-70 / Little Blue Parkway Revenues may only be applied to redevelopment project costs associated with the I-70 / Little Blue Parkway Plan, which costs include debt service on the Project Bonds. The City has reimbursed all outstanding redevelopment project costs owed to developers under the I-70 / Little Blue Parkway Plan, with the result that the purpose that remains under the I-70 / Little Blue Parkway Plan for the application of I-70 / Little Blue Parkway Revenues is the payment of debt service on the Project Bonds.

During Fiscal Years 2019 and 2020, the City received \$-0- and \$5,058,000, respectively, in I-70 / Little Blue Parkway Revenues (future annual transfers are anticipated to be in the range of \$1.8 Million). The collection of revenues under the I-70 / Little Blue Parkway Plan terminates for project area #1 on September 1, 2037 and for project area #3 on December 16, 2035. The County Assessor’s office of Jackson County undertook a significant reassessment of property throughout Jackson County in 2019, resulting in increased property taxes and PILOTS for many properties throughout Jackson County, including the I-70 / Little Blue Parkway Plan area, for Fiscal Year 2020.

### **Non-Dedicated Appropriation Sources**

The following sources are revenues deposited in special tax funds maintained by the City for the collection and administration of certain property or sales taxes, as designated. Amounts in these funds may be appropriated by the City only for the specific purposes for which the funds are maintained, which includes appropriation to the payment of debt service on Project Bonds to the extent that the Project Bonds financed or refinanced projects eligible for payment from such special tax funds (the “Purpose Limitations”).

**While amounts on deposit in the special tax funds described below may legally be available for appropriation to pay the portion of the debt service on the Outstanding Project Bonds that does not exceed the Purpose Limitations, the City intends to further limit such application of amounts in the special tax funds to new revenues made available to such special tax funds through the expiration of tax increment financing redevelopment areas within the City.** The City has a total of 14 active tax increment financing redevelopment areas with termination dates spanning from 2021 to 2039. As each redevelopment area terminates, tax revenues that were previously captured for application to specific projects or bonds will become available to the City and the other taxing jurisdictions for their originally intended uses. Among other taxes, the City imposes a 0.5% streets sales tax, a 0.25% parks sales tax, a 0.25% storm water sales tax, and a health and recreation property tax. To the extent that revenues from such special purpose taxes become available due to the termination of redevelopment areas, they will be deposited in the special tax funds



described below and will be available as a source of appropriations, subject to the Purpose Limitations (such amounts being referred to as the “Non-Dedicated Appropriation Sources”). The Non-Dedicated Appropriation Sources are not pledged to the payment of Loan Payments with respect to the debt service on the Bonds or any Outstanding Project Bonds but, except as may be limited as described above, may serve as a source from which the City may appropriate funds to the repayment of the Outstanding Project Bonds, including the Bonds. It is not possible for the City to predict the amount or availability of revenues from the Non-Dedicated Appropriation Sources.

#### ***Street Improvement Sales Tax Fund Revenues***

The Street Improvement Sales Tax Fund is a special tax fund maintained by the City to collect and administer a 0.5% streets sales tax imposed within the bounds of the City. Expenditures from the Street Improvement Sales Tax Fund are limited to transportation purposes, including but not limited to the construction, maintenance and repair of city streets, sidewalks, curbs, bridges, culverts and traffic signals. The 0.5% streets sales tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

#### ***Park Improvement Sales Tax Fund Revenues***

The Park Improvement Sales Tax Fund is a special tax fund maintained by the City to collect and administer a 0.25% parks sales tax imposed within the bounds of the City. Expenditures from the Park Improvement Sales Tax Fund are limited to local parks, recreation programs, trails and construction of new facilities for such purposes. The 0.25% parks sales tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

#### ***Storm Water Sales Tax Fund Revenues***

The Storm Water Sales Tax Fund is a special tax fund maintained by the City to collect and administer a 0.25% storm water sales tax imposed within the bounds of the City. Expenditures from the Storm Water Sales Tax Fund are limited to the purpose of storm water control. The 0.25% storm water sales tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

#### ***Health and Recreation Property Tax Fund Revenues***

Starting in Fiscal Year 2021, a new fund (the “Health and Recreation Property Tax Fund”) will be maintained by the City to collect and administer a health and recreation property tax imposed within the bounds of the City. Proceeds of the health and recreation property tax were previously accounted for within the City’s General Fund. Expenditures from the Health and Recreation Property Tax Fund are limited to public health and recreation purposes. The health and recreation property tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

*[remainder of page intentionally left blank]*

## Fiscal Year 2020 Collections of Certain Revenues

The table below shows collections for Fiscal Year 2020 of the Pledged Revenues and Other Appropriation Sources, as described in the more detailed discussion above.

PLEGGED REVENUES			OTHER APPROPRIATION SOURCES			
			Other Project Revenues	Dedicated Appropriation Sources		Non-Dedicated Appropriation Sources
<i>PILOTS (Payments in Lieu of Taxes)</i>	<i>State TIF Revenues</i>	<i>TDD Revenues (Crackerneck TDD)</i>	<i>Bass Pro Lease Payments</i>	<i>EATS (Economic Activity Taxes)</i>	<i>I-70 / Little Blue Parkway Revenues</i>	<i>Street / Parks / Stormwater / Health &amp; Recreation Tax Revenues from expired redevelopment areas</i>
\$587,673	\$243,743	\$215,000	\$1,000,000	\$858,750	\$5,058,000 <sup>(1)</sup>	n/a <sup>(2)</sup>

(1) Multiple years of collections were transferred to the City at one time. Future annual transfers are anticipated to be in the range of \$1.8 Million.

(2) The generators of Non-Dedicated Appropriation Source revenues are property and sales tax producing businesses within expiring tax increment financing redevelopment areas within the City. As such redevelopment areas expire or are terminated by the City, revenues will begin to accrue from while appropriations may be made to pay a portion of the debt service on the Project Bonds.

## Insufficiency of Certain Revenues, Reliance on General Fund and Other Legally Available Sources

The Pledged Revenues, EATS and Bass Pro Lease Payments have been materially short of the amount needed to fund debt service payments on the Project Bonds, and are expected to continue to be materially short of the amount needed to fund debt service payments on the Outstanding Project Bonds after the issuance of the Series 2021 Bonds. To date, the City has expended \$13,951,364 from its General Fund, \$1,682,643 from utility funds, \$2,258,751 from sales tax funds, \$2,018,052 from TDD Revenues and \$5,568,000 from I-70 / Little Blue Parkway Revenues to support the payment of debt service on the Project Bonds. The City anticipates more consistent application of I-70 / Little Blue Parkway Revenues to debt service on the Project Bonds in future years as revenues from that source are now free of competing purposes for application. The City believes that even with significant additional development it is highly unlikely that the Crackerneck Creek Project will be able to generate sufficient revenues to pay debt service on the Outstanding Project Bonds. Consequently, even if significant additional development occurs, the repayment of the Bonds will be dependent upon annual decisions by the City Council to continue to appropriate sufficient moneys from the General Fund and other legally available funds (including the Non-Dedicated Appropriation Sources) to make Loan Payments under the Financing Agreement.

Under Missouri law, Tax Increment Financing ends after 23 years, so the PILOTS, EATS, and State TIF Revenues will not be available after the year 2026. The Bass Pro Lease Payments are subject to reduction and the Bass Pro Lease is subject to non-renewal by Bass Pro in future years as described under the heading “ANTICIPATED REVENUE SOURCES – General Fund Revenues – *Bass Pro Lease Payments*” and in Appendix D. The TDD Revenues will expire in 2036 and the I-70 / Little Blue Parkway Revenues will expire in 2037. Neither the Loan Payments nor the Bonds are secured by

**a lien on the Bass Pro Store or the Bass Pro Lease Payments or a security interest in any property of the City or any developer.**

**THE CITY DOES NOT ANTICIPATE THAT THE PLEDGED REVENUES, THE OTHER PROJECT REVENUES AND THE DEDICATED APPROPRIATION SOURCES WILL BE SUFFICIENT SOURCES OF REPAYMENT OF THE BONDS. INVESTORS SHOULD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE AMOUNTS NEEDED TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE BONDS FROM THE CITY'S GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES, INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES. See "THE CITY'S GENERAL FUND" and "BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations."**

### **Anticipated Future Financings**

The City anticipates a refunding and improvement transaction for the benefit of the Independence Events Center, which will be secured by annual appropriations of the City and other revenues in the same manner as the existing bonds issued for the benefit of the Independence Events Center. See **Appendix A** under the headings **"FINANCIAL INFORMATION CONCERNING THE CITY – Anticipated Future Financings," "– Obligations of the City,"** and **"– Events Center."**

## **THE SERIES 2021 BONDS**

*The following is a summary of certain terms and provisions of the Series 2021 Bonds. Reference is hereby made to the Series 2021 Bonds and the provisions with respect thereto in the Indenture and the Financing Agreement for the detailed terms and provisions thereof.*

### **General Terms**

The Series 2021 Bonds are being issued in the principal amount shown on the inside cover page, are dated the date of issuance and delivery thereof, will bear interest from the date thereof or from the most recent interest payment date to which interest has been paid at the rates per annum set forth on the inside cover page, payable semi-annually on March 1 and September 1 of each year \_\_\_\_\_ 1, 20\_\_, and will mature on March 1 in the years as set forth on the inside cover page. The Series 2021 Bonds are issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The principal of the Series 2021 Bonds is payable at the principal corporate trust office of the Trustee. The interest on the Series 2021 Bonds is payable (a) by check or draft mailed by the Trustee to the persons who are the registered owners of the Series 2021 Bonds as of the close of business on the 15th day of the month preceding the respective interest payment dates, as shown on the bond registration books maintained by the Trustee, or (b) at the expense of the registered owner, by electronic transfer of immediately available funds at the written request of any registered owner of \$500,000 or more in aggregate principal amount of Series 2021 Bonds, if such written notice specifying the electronic transfer instructions is provided to the Trustee not less than 15 days prior to the Interest Payment Date. Purchases of the Series 2021 Bonds will be made in book-entry only form (as described immediately below), in the denomination of \$5,000 or any integral multiple thereof. Purchasers of the Series 2021 Bonds will not receive certificates representing their interests in the Series 2021 Bonds purchased. If the specified date for any payment on the Series 2021 Bonds is a date other than a Business Day, such payment may be made on the next Business Day without additional interest and with the same force and effect as if made on the specified date for such payments.

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

*The information provided immediately below concerning DTC and the Book-Entry System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is*

*not to be construed as a representation by the Board, the City, the Trustee, the Municipal Advisor or the Underwriter. The Underwriter, the Municipal Advisor, the Board, the Trustee and the City make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described herein or in a timely manner.*

**General.** The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 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 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2021 Bonds, the Beneficial Owners of the Series 2021 Bonds will not receive or have the right to receive physical delivery of the Series 2021 Bonds, and references herein to the Bondowners or registered owners of the Series 2021 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2021 Bonds.

**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). The information on such website is not incorporated herein by such reference or otherwise.

**Purchase of Ownership Interests.** Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2021 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 2021 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 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

**Transfers.** To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an

authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

**Notices.** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 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.

**Voting.** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

**Payments of Principal and Interest.** Redemption proceeds, distributions, and dividend payments on the Series 2021 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 Board or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board, 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 Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

**Discontinuation of Book-Entry-Only System.** DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

## **Redemption**

The Series 2021 Bonds are subject to redemption and payment prior to maturity as follows:

**Optional Redemption.** The Series 2021 Bonds are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after March 1, 20\_\_\_\_, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.



For so long as DTC is effecting book-entry transfers of the Series 2021 Bonds, the Trustee shall provide the notices specified in this Section to DTC. It is expected that DTC will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a beneficial owner of a Series 2021 Bond (having been mailed notice from the Trustee, DTC, a Participant or otherwise) to notify the beneficial owner of the Series 2021 Bond so affected, shall not affect the validity of the redemption of such Series 2021 Bond.

***Selection by Trustee of Bonds to be Redeemed.*** Bonds may be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. If less than all Bonds are to be redeemed and paid prior to maturity pursuant to the Indenture, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, by lot or in such other equitable manner as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 of the principal of Bonds of a denomination larger than \$5,000.

The Trustee shall promptly notify the Board and the City in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

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

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

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Bond.

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

Subject to the approval of the Trustee, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such owner and, if such owner is a nominee, the Person for whom such owner is a nominee, that payment shall be so made and that

such owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such owner shall present such Bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

So long as DTC is effecting book-entry transfers of the Series 2021 Bonds, the Trustee shall provide the notices specified above to DTC. It is expected that DTC will, in turn, notify the DTC Participants and that the DTC Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2021 Bond (having been mailed notice from the Trustee, a DTC Participant or otherwise) to notify the Beneficial Owner of the Series 2021 Bond so affected, shall not affect the validity of the redemption of such Bond.

### **Transfer Outside Book-Entry Only System**

If the book-entry only system is discontinued, the following provisions would apply. The Series 2021 Bonds are transferable only upon the registration books of the Trustee upon surrender of the Series 2021 Bonds duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney or legal representative in a form satisfactory to the Trustee. Series 2021 Bonds may be exchanged for other Series 2021 Bonds of any denomination authorized by the Indenture in the same aggregate principal amount, series and maturity, upon presentation to the Trustee, subject to the terms, conditions and limitations set forth in the Indenture. The Trustee may make a charge for every such transfer or exchange sufficient to reimburse the Trustee for any tax or other governmental charge required to be paid with respect to any such exchange or transfer.

### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Series 2021 Bonds, but neither the failure to print such numbers on any Series 2021 Bonds, nor any error in the printing of such numbers, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Series 2021 Bonds.

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

### **General**

The Series 2021 Bonds will be issued under and will be equally and ratably secured under the Indenture under which the Board will assign and pledge to the Trustee (1) certain rights of the Board under the Financing Agreement, including the right to receive Loan Payments with respect to the Bonds thereunder, and (2) the funds and accounts, including the money and investments in them, which the Trustee holds under the terms of the Indenture.

### **Special, Limited Obligations**

The Bonds and the interest thereon are special, limited obligations of the Board, payable solely from certain payments to be made by the City under the Financing Agreement and certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Board, and are secured under the Indenture and the Financing Agreement as described herein.

**Except with respect to the Pledged Revenues, the City's obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City's General Fund and other legally available funds.** The pledge of the Pledged Revenues (consisting of the PILOTS, State TIF Revenues and TDD Revenues) to



the repayment of the Bonds is not subject to annual appropriation by the City but the payment of State TIF Revenues to the City is subject to annual appropriation by the Missouri General Assembly and the payment of TDD revenues to the City is subject to annual appropriation by the Crackerneck TDD. The Series 2021 Bonds are secured by the Pledged Revenues on a parity basis with the Series 2015C Bonds.

The Other Appropriation Sources, including the Bass Pro Lease Payments, Dedicated Appropriation Sources and Non-Dedicated Appropriation Sources, are not pledged to the repayment of the Bonds or any other Outstanding Project Bonds, but serve as sources from which annual appropriations may be made by the City. All Loan Payments that may be made by the City with respect to the Bonds from the Other Appropriation Sources are subject to annual appropriation by the City. See “ANTICIPATED REVENUE SOURCES,” above.

**PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE PLEDGED REVENUES, THE OTHER PROJECT REVENUES AND THE DEDICATED APPROPRIATION SOURCES AS SUFFICIENT SOURCES OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE SERIES 2021 BONDS FROM ITS GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES (INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES). VARIOUS PORTIONS OF THE PLEDGED REVENUES AND OTHER APPROPRIATION SOURCES WILL TERMINATE PRIOR TO THE FINAL MATURITY OF THE SERIES 2021 BONDS AS DESCRIBED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES.” THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.**

The Bonds are not an indebtedness of the City, the State or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State. Neither the full faith and credit nor the taxing powers of the City, the State or any other political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power.

### **The Financing Agreement**

Under the Financing Agreement, the City is required to make Loan Payments to the Trustee for deposit into the Debt Service Fund in amounts sufficient to pay the principal of and interest on the Bonds when due. The City’s obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, subject to annual appropriation by the City as described herein, all General Fund revenues of the City. The taxing power of the City is not pledged to the payment of Loan Payments either as to principal or interest.

The City’s appropriation of funds is effective with the approval by the City Council of its annual budget. Subject to annual appropriation, the City is required under the Financing Agreement to pay each Loan Payment on or before the Business Day preceding each March 1 and September 1, commencing \_\_\_\_\_ 1, 2021 in an amount which is not less than the next installment of interest and principal due on the Bonds on the next principal payment date by maturity or mandatory sinking fund redemption.

## **Annual Appropriation Obligation of the City**

The City has the right, to exercise in its sole and absolute discretion, for any reason, not to budget and appropriate funds, however, the Financing Agreement contains the following provisions with respect to the City's annual appropriation obligation:

***Annual Appropriation.*** The Financing Agreement provides for the payment by the City of Loan Payments which are dependent upon actions by the City, on or before the last day of each Fiscal Year, to budget and appropriate moneys sufficient to pay all Loan Payments and reasonably estimated Additional Payments for the next succeeding Fiscal Year. The City is required under the Financing Agreement to deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the City's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

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

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

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

See “**THE CITY’S GENERAL FUND,**” “**ANTICIPATED REVENUE SOURCES – Insufficiency of Certain Revenues, Reliance on General Fund and Other Legally Available Sources,**” and “**BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.**”

### **Debt Service Reserve Fund**

Pursuant to the Indenture, the Trustee will establish accounts within the Debt Service Reserve Fund created under the Indenture for each series of Bonds issued under the Indenture for the payment of the principal of and interest on the Bonds of each series to which the applicable account of the Debt Service Fund relates to the extent of any deficiency in the Debt Service Fund with respect to such applicable Series of Bonds for such purposes. Such accounts within the Debt Service Reserve Fund will be fully funded at the time of the issuance of the respective series of Bonds from the proceeds thereof in an amount equal to the “Debt Service Reserve Requirement” which is applicable to each series. The Debt Service Reserve Requirement for the Series 2021 Bonds is an amount equal to \$\_\_\_\_\_.\* [The Debt Service Reserve Requirement for the Series 2021 Bonds will be satisfied by a [Debt Service Reserve Policy] to be provided by \_\_\_\_\_.] Moneys in each series account of the Debt Service Reserve Fund shall only be available to fund a deficiency in the applicable account in the Debt Service Fund with respect to the corresponding series of Bonds and to retire the last Outstanding bonds of that series. If Additional Bonds are issued, the Board expects to fund a separate reserve for the Additional Bonds.

If the Trustee disburses or expends moneys from the Debt Service Reserve Fund for the purposes stated in the paragraph above, the Trustee shall immediately notify the City of the amount necessary to restore the balance in the Debt Service Reserve Fund to the applicable Debt Service Reserve Fund Requirement, and the Trustee shall direct the City to restore the deficiency in 12 equal monthly payments beginning not later than the first day of the next calendar month. On each valuation date as provided the Indenture, the Trustee shall determine the value of all cash and Permitted Investments held in the Debt Service Reserve Fund. If the value so determined exceeds the Debt Service Reserve Fund Requirement, the excess shall as promptly as practical be transferred to the Debt Service Fund pursuant to the Indenture. If the value so determined is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately direct the City to restore the deficiency not later than the next succeeding Payment Date.

The Debt Service Reserve Requirement for the Series 2021 Bonds may be satisfied by a Debt Service Reserve Policy guaranteeing payments into the Debt Service Reserve Fund in accordance with the requirements of the Indenture. A “Debt Service Reserve Policy” means a surety bond or similar instrument issued by a bank, insurance company or other financial institution with a credit rating in one of the two highest rating categories of any nationally recognized rating service (without regard to any refinements of gradation of any rating category by numerical modifier or otherwise), for the purpose of satisfying all or any portion of the Debt Service Reserve Requirements with respect to the Series 2021 Bonds.

### **The Indenture**

Under the Indenture, the Board will pledge and assign to the Trustee, for the benefit of the owners of the Bonds, all of its rights under the Financing Agreement, including all Loan Payments and other amounts payable under the Financing Agreement (except for certain fees, expenses and advances and any indemnity

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\* Preliminary, subject to change.

payments payable to the Board) as security for the payment of the principal of and interest on the Bonds. See “SUMMARY OF THE INDENTURE” in **Appendix E** hereto.

### **Project Bonds, Priority of Liens**

All of the outstanding Series 2006B Bonds, Series 2013A Bonds and Series 2013B Bonds [\*\*and a portion of the Series 2015C Bonds\*\*] will be redeemed using proceeds of the Series 2021 Bonds. The Project Bonds that will remain outstanding after the issuance of the Series 2021 Bonds, which include the [\*\*unrefunded portion of the\*\*] Series 2015C Bonds and the Series 2021 Bonds, are referred to herein as the “Outstanding Project Bonds.” See “**INTRODUCTORY STATEMENT – Bonds Issued for the Crackerneck Creek Project,**” above, for identification of the Project Bonds and “**PLAN OF FINANCE – Refunded Bonds,**” above.

The Loan Payments with respect to the Series 2021 Bonds will have a lien on the Pledged Revenues that is on a parity with the lien of the Series 2015C Bonds. **However, the Loan Payments are not secured by and the Bonds will have no lien on the Bass Pro Store or the Bass Pro Lease Payments. All series of Outstanding Project Bonds are secured by an annual appropriation obligation of the City.**

### **Additional Parity Bonds**

The Board from time to time may, at the written request of the City, authorize the issuance of additional bonds on a parity with the Series 2015C Bonds and the Series 2021 Bonds (“Additional Parity Bonds”) for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Parity Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by a resolution adopted by the Board and an Ordinance adopted by the City; (2) the Board and the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of and interest on the Additional Parity Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Parity Bonds would otherwise occur after the expiration of the term of the Financing Agreement; and (3) the Board and the City shall have otherwise complied with the provisions of the Financing Agreement and the Indenture with respect to the issuance of such Additional Parity Bonds.

Additional Parity Bonds may be issued only for the purpose of refunding outstanding Project Bonds. The sole economic test for the issuance of Additional Parity Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Parity Bonds. **This means that the City may issue or cause to be issued Additional Parity Bonds for the purpose of refunding outstanding Project Bonds without any additional limits, even if the Pledged Revenues and Other Appropriation Sources continue to be insufficient to provide for the Loan Payments on the Outstanding Project Bonds, without regard to the proposed Additional Parity Bonds.**

### **BONDOWNERS’ RISKS**

*The following is a discussion of certain risks that could affect payments to be made by the Board with respect to the Series 2021 Bonds and the Loan Payments to be made by the City under the Financing Agreement. 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 Series 2021 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in **Appendix E**, copies of which are available as described herein.*

## General

The Bonds are limited obligations of the Board payable by the Board solely from payments to be made by the City pursuant to the Financing Agreement and from certain other funds held by the Trustee under the Indenture. No representation or assurance can be given that the City will collect or appropriate revenues in amounts sufficient to make such payments under the Financing Agreement.

**PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE PLEDGED REVENUES, THE OTHER PROJECT REVENUES AND THE DEDICATED APPROPRIATION SOURCES AS SUFFICIENT SOURCES OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE BONDS FROM ITS GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES, INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES. VARIOUS PORTIONS OF THE PLEDGED REVENUES AND OTHER APPROPRIATION SOURCES WILL TERMINATE PRIOR TO THE FINAL MATURITY OF THE SERIES 2021 BONDS AS DESCRIBED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES.” THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.**

## Effects of COVID-19

In December 2019, a novel strain of coronavirus (which leads to the disease known as “COVID-19”), was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad based and to negatively impact national, state and local economies. In response to such expectations, Former President Trump on March 13, 2020, declared a “national emergency,” which, among other effects, allowed the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. On March 13, 2020, the Governor of the State signed an Executive Order declaring a state of emergency in the State in response to COVID-19. On April 24, 2020, the Governor signed an Executive Order extending the state of emergency in the State through June 15, 2020 and on June 11, 2020, the Governor signed another Executive Order extending the state of emergency in the State through June 15, 2020. On June 11, 2020, the Governor signed an Executive Order extending the state of emergency in the State through December 30, 2020, and on November 19, 2020, the Governor signed an Executive Order extending the state of emergency in the State through March 31, 2021. The stated purpose of the Executive Orders is to allow more flexibility in utilizing resources and deploying them around the State where they are most appropriate, including allowing the Governor to waive certain State laws and regulations where necessary. On April 3, 2020, the Governor of the State issued a “stay at home order” for all Missouri residents (the “State Order”), which began on April 6, 2020, and ended on May 4, 2020, requiring all Missourians to avoid leaving their residences unless necessary and to practice social distancing when they need to travel outside their homes to work, access foods, prescriptions, health care, and other necessities, or to engage in an outdoor activity. On April 27, 2020, the Missouri Department of Health and Senior Services (“DHS”) issued the “Show Me Strong Recovery Order,” which went into effect on May 4, 2020 and remained in effect through May 31, 2020. On May 28, 2020, DHS issued the “Economic Reopening Order,” which went into effect on June 1, 2020 and ended on June 15, 2020. Both DHS orders provided guidelines for individuals and businesses in Missouri to gradually reopen economic and social activity, including but not limited to requirements that (1) individuals practice social distancing by maintaining at least six feet of space between individuals who are not family members, (2) retailers limit the occupancy of their buildings to (A) 25% of authorized building occupancy for buildings under 10,000 square feet, and (B) 10% of authorized building occupancy for buildings over 10,000 square feet. The State remains under a “State of Emergency” through March 31, 2021 per Executive Order 20-19; however, the State is

not currently under a statewide public health order. Despite the expiration of statewide orders, cities and counties have the ability, and continue, to impose local public health orders restricting economic activities within the State.

The City is located in Jackson County, Missouri, specifically in what the Jackson County government refers to as “Eastern Jackson County” to differentiate it from the more populous western portion of Jackson County that contains the City of Kansas City, Missouri. Jackson County issued a county-wide executive order dated March 22, 2020, instructing residents to stay at home except for certain essential activities and instructing businesses to remain closed except for those constituting essential businesses. The original executive order was amended by an executive order dated April 16, 2020 (together with the original order, the “Jackson County Stay at Home Orders”), which tightened some restrictions and clarified others, including imposing occupancy percentages mirroring those in the DHS “Show Me Strong Recovery Order” discussed above. The Jackson County Stay at Home Orders were in effect until May 11, 2020, when the reopening plan described below took effect.

By executive order of the Jackson County Executive amended on May 12, 2020, Eastern Jackson County was subject to a phased reopening under the “Eastern Jackson County Recovery Plan, Phase 2 & 3” (the “Recovery Plan”) as part of Jackson County’s ongoing response to COVID-19. By executive order of the Jackson County Health Director on July 1, 2020, the Recovery Plan was revised to include “Phase 2.5” (the Recovery Plan, as so amended, is referred to as the “Amended Recovery Plan”). A significant addition of the Amended Recovery Plan was the requirement of individuals in public spaces to wear masks covering the nose and mouth. On August 21, 2020, an executive order of the Jackson County Health Director restated adherence to the Amended Recovery Plan, with the clarification that all persons over the age of five present at any business, public accommodation or outdoor area where social distancing is not possible shall wear a mask or face covering and that businesses shall deny entry to customers not in compliance with such requirement. On October 2, 2020, an executive order of the Jackson County Executive again restated adherence to the Amended Recovery Plan, with additional requirements imposed on large gatherings. On November 18, 2020, by executive order of the Jackson County Executive, the Amended Recovery Plan was replaced by the “Eastern Jackson County Safer-at-Home Plan” (the “Safer-at-Home Plan”). The Safer-at-Home Plan included more specific mask requirements, gathering limits, occupancy limits of 50% capacity for businesses, a 10:00 p.m. restaurant and bar curfew and limits on fitness establishments.

In December of 2020, the City completed steps to re-establish the City of Independence Health Department (the “City Health Department”) as a State-recognized local health authority in response to the COVID-19 pandemic. By order of the Mayor and the Acting Health Director of the City on December 9, 2020, the City issued its own “Safer Independence Guidelines” which became effective on December 11, 2020. Jackson County has recognized the re-establishment of the City Health Department and has exempted the City from the Safer-at-Home Plan in its most recent executive order dated January 13, 2021.

Under the Safer Independence Guidelines, the following restrictions are imposed:

- Masks must be worn while indoors unless alone in a room and outdoors if social distancing cannot be maintained. Exceptions include children under the age of five, those with disabilities, those eating, people “obtaining a service” where temporary removal is necessary (such as visiting a doctor or dentist), and professional sports and organized recreational athletes engaged in active game play.
- All gatherings of 10 or more people must ensure masks, social distancing, and submit a gathering protocol a minimum of seven days in advance of a planned event.
- Bars, taverns and restaurants must stop indoor food and drink service between midnight and five a.m., must maintain no more than 50% occupancy, must enforce masks are worn when patrons are not actively eating/drinking, and must require social distancing between parties of patrons.

- All other businesses that are publicly accessible need to maintain social distancing and mask wearing.
- Businesses are held liable for compliance with the order. Failure to comply can result in a curfew restriction, revocation of licenses/permits, and the termination of utilities.

The effects of COVID-19 social distancing measures are expected to have an adverse effect on sales tax revenues collected within the Crackerneck Creek Redevelopment Area and within the City as a whole. Certain retailers were instructed by the Jackson County Health Department to remain completely closed for a period of time as part of the initial COVID-19 response. On March 30, 2020, the Bass Pro Store was ordered to close. However, the next day, that order was revised to allow the Bass Pro Store to open for sales for guns, ammunition and hunting and fishing items only. On May 11, 2020, the Bass Pro Store was allowed to open subject to the restrictions of the Recovery Plan, as described above. Other retailers and restaurants within the Crackerneck Creek Redevelopment Area and throughout the City were subject to the Jackson County Stay at Home Orders, causing some to remain closed during the time that the Jackson County Stay at Home Orders were in effect. Under the Jackson County Stay at Home Orders, restaurants were required to limit their operations to delivery, drive-through, curbside pickup and carryout sales.

The City received \$1,317,493 in EATS, State TIF Revenues and TDD Revenues (all of which are generated by sales tax collections) during Fiscal Year 2020, compared to \$1,388,733 in EATS, State TIF Revenues and TDD Revenues received by the City for Fiscal Year 2019. Although monthly Bass Pro Lease Payments were delayed during the complete shutdown of the Bass Pro Store, the aggregate amount of payments is not expected to change due to the COVID-19 response as payments were already being made at the minimum of \$1,000,000 annually. See “**APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER**” for a further description of the payments due under the Bass Pro Lease.

The City’s Fiscal Year 2020 ended on June 30, 2020, and included the months of March, April, May and June, 2020, during which the COVID-19 response began and continued to occur. The City’s 2020-2021 Operating Budget assumed that the COVID-19 response would cause \$4,625,000 in revenue loss to the General Fund prior to the end of Fiscal Year 2020. However, the audited numbers for Fiscal Year 2020 show actual General Fund revenue loss of \$3,124,186 compared to the revenues originally budgeted for Fiscal Year 2020. Additionally, such revenue loss was partially offset by expenditure reductions totaling \$1,492,664, resulting in a net change in fund balance for the General Fund of \$(1,159,199), reducing the General Fund balance from \$7,280,762 (FY 2019 end) to \$6,121,563 (FY 2020 end). See “**THE CITY’S GENERAL FUND – General Fund Budgets and Results**” and “**– Summary of General Fund Revenues, Expenditures and Changes in Fund Balances.**” The City’s 2020-2021 Operating Budget anticipates a revenue decline of 21% for sales taxes received by the City in Fiscal Year 2021, contributing to a projected \$3,049,208 General Fund revenue loss compared to the 2019-2020 budget based on economic conditions. In the first half of Fiscal Year 2021, the City did not see the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget, but has seen reductions in franchise fees collected by the City. See “**THE CITY’S GENERAL FUND – The City’s 2020-2021 Operating Budget**” and “**– Post-Budget Developments**” for further discussion.

In response to anticipated General Fund revenue loss, the 2020-2021 Operating Budget includes a series of expenditure reductions aimed at reducing budgetary pressures. See pages 15 through 18 of the 2020-2021 Operating Budget in **Appendix C** hereto. The 2020-2021 Operating Budget designates \$1,509,018 of General Fund revenues as contingency as a cushion against revenue loss. Additionally, the City approved the Interfund Loan in the maximum principal amount of \$25,000,000, to provide short term liquidity to address General Fund revenue shortfalls. The 2020-2021 Operating Budget anticipated that the City would draw down \$2,000,000 of the Interfund Loan by the end of Fiscal Year 2020. However, the City experienced less revenue loss during Fiscal Year 2020 than anticipated by the 2020-2021 Operating Budget, with the result being that the City’s draws on the Interfund Loan as of June 30, 2020 totaled \$-0-. The City does not currently anticipate

the need to draw on the Interfund Loan, but will re-evaluate this need as the continuing impact of COVID-19 is determined.

Jackson County, in which the City is located, received \$122,669,998 in funding under the federal Coronavirus Aid, Relief, and Economic Security Act or “CARES Act,” which money, by law, is to be spent on necessary expenditures incurred due to the COVID-19 public health emergency. Jackson County established a volunteer advisory group to make recommendations to the County Executive as to expenditures of the money in accordance with CARES Act requirements. The City received approximately \$6,953,474 in distributions of such funds from Jackson County, which helped to offset an anticipated \$10,399,556 in COVID-19 response-related expenses.

The continued proliferation of COVID-19 throughout the City and the State may worsen the adverse effects on the City and the Crackerneck Creek Redevelopment Area due to the economic ramifications of mandatory business and other closures. The City could face significant costs associated with containing and responding to the virus, as other municipal entities across the United States have already experienced, and the City cannot be certain whether any short term borrowing or State or Federal aid would be sufficient to address such costs. In addition, a longer term economic downturn could cause sustained reductions in sales tax revenues and assessed valuations in the City, which could lead to further reductions in Pledged Revenues, Other Appropriation Sources and the City’s general revenues. Developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the City and such revenues in the future is highly uncertain and cannot be predicted. See “**APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET**” and “**THE CITY’S GENERAL FUND – Post-Budget Developments**” for additional discussion of the anticipated effects of COVID-19 on the City’s finances.

#### **Risk Factors Relating to Annual Appropriations**

**General.** Except with respect to the Pledged Revenues, the City’s obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City’s General Fund and other legally available funds. Although the City has covenanted to annually request that the appropriation of the Loan Payments be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made, and the City is not legally obligated to do so. As described herein, the City expects that the Pledged Revenues, the Other Project Revenues and the Dedicated Appropriation Sources will be insufficient to pay debt service on the Outstanding Project Bonds. See “**ANTICIPATED REVENUE SOURCES – Insufficiency of Certain Revenues, Reliance on General Fund and Other Legally Available Sources**” and “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special, Limited Obligations.**” Prospective investors should evaluate the likelihood that the City will appropriate moneys sufficient to make Loan Payments under the Financing Agreement relating to the Bonds from the City’s General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources).

To date, the City has expended \$13,951,364 from its General Fund, \$1,682,643 from utility funds, \$2,258,751 from sales tax funds, \$2,018,052 from TDD Revenues and \$5,568,000 from I-70 / Little Blue Parkway Revenues to support the payment of debt service on the Project Bonds. The City believes that the Crackerneck Creek Project will be unable to generate sufficient revenues to pay debt service on the Outstanding Project Bonds.

**General Fund Capacity.** The City anticipates that it may need to utilize balances in the City’s General Fund in addition to the Pledged Revenues and the Other Appropriation Sources to make payments on the Outstanding Project Bonds in future fiscal years. See “**THE CITY’S GENERAL FUND – Audited Financial Information for Fiscal Year 2020,**” “**– The City’s 2020-2021 Operating Budget,**” and “**– Post-Budget Developments**” for a discussion of General Fund revenues, expenses and ending fund balances for



Fiscal Year 2020 and budgeted amounts for Fiscal Year 2021 based on the City's 2020-2021 Operating Budget and subsequent developments.

**General Fund Expenses.** For the fiscal year ending June 30, 2021, approximately 83.1% (\$60,538,679) of the General Fund revenues are expected to be spent for City personnel costs – salaries, wages and benefits. Appropriations from the General Fund to pay debt service on the Bonds are likely to result in reductions to salaries, wages and benefits. Such reductions could be very difficult to implement and may impact the City's decision of whether to continue to support the payment of debt service on all the Outstanding Project Bonds by appropriating revenues from its General Fund and other legally available funds. All Project Bonds, including the Bonds, have an equal claim to such General Fund revenues.

A significant portion of the City's General Fund expenditures for salaries, wages and benefits are related to contributions to a defined benefit pension plan known as LAGERS (\$13,630,050 in the fiscal year ending June 30, 2020) and to "Other Post-Employment Benefits" or "OPEB" (\$7,047,000 in the fiscal year ending June 30, 2020). Audited numbers for Fiscal Year 2020 are contained in **Appendix B**. In addition, **Appendix B** presents multi-year trend information as of June 30, 2020, showing whether the actuarial value of defined benefit pension plans assets is increasing or decreasing over time relative to the actuarial accrued liability and also includes information concerning the historical trends of OPEB. Both the contribution to LAGERS and the projected OPEB costs are based upon actuarial reports that include certain key assumptions. The most recent actuarial report received by the City relating to the City's contribution to LAGERS is attached hereto as **Appendix H**. The most recent actuarial report received by the City relating to the projected OPEB liability is attached hereto as **Appendix I**. Prospective investors should evaluate whether the assumptions used in such reports are reasonable and the future impact such costs could have on the General Fund.

**Pledged Revenues, Other Project Revenues and Dedicated Appropriation Sources.** The City expects that the Pledged Revenues, the Other Project Revenues and the Dedicated Appropriation Sources, collectively, will be insufficient to pay debt service on the Outstanding Project Bonds. Such insufficiencies and any reduction in the Non-Dedicated Appropriation Sources anticipated to be available to the City may impact the City's decision of whether to continue to support the payment of debt service on the Outstanding Project Bonds, including the Bonds, by appropriating revenues from its General Fund and other legally available funds.

**Appropriation Risk with Respect to Pledged Revenues and Other Appropriation Sources.** The pledge of the PILOTS to the Bonds is not subject to annual appropriation by any governmental entity. All other Pledged Revenues and Other Appropriation Sources, however, must be annually appropriated by the City or another governmental entity prior to application to debt service on the Bonds. State TIF Revenues are subject to annual appropriation by the Missouri General Assembly prior to payment to the City. TDD Revenues are subject to annual appropriation by the Crackerneck TDD prior to payment to the City. The Other Appropriation Sources are all subject to annual appropriation by the City before application to debt service on the Bonds. There can be no assurance that the State will annually appropriate the State TIF Revenues or that the Crackerneck TDD will annually appropriate the TDD Revenues for payment to the City. Likewise, there can be no assurance that the City will annually appropriate moneys from the Other Appropriation Sources to the payment of the Loan Payments with respect to debt service on the Bonds.

#### **No Pledge, Lease or Mortgage of any Project or any other Facilities of the City**

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on any project, the land and building in which the Bass Pro Store is located or any other facilities or property of the City or any developer. Except with respect to the Pledged Revenues, the Bonds are payable solely from annual appropriation by the City. The Bonds are not secured by a lien on the Bass Pro Lease Payments or the land and building in which the Bass Pro Store is located.

## **Ability to Issue Future Series of Project Bonds**

The refunding of the Refunded Bonds will reduce the current shortfall and expected shortfall between the collections of Pledged Revenues, Other Project Revenues and Dedicated Appropriation Sources and the debt service on the Outstanding Project Bonds and therefore the amount that the City anticipates will be needed from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources) to pay debt service on the Outstanding Project Bonds in future fiscal years. While it is impossible to predict the amount of the shortfall in future fiscal years, the City anticipates that the payment of the Loan Payments with respect to debt service on the Bonds will be dependent on appropriations from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources). In order to reduce the amount of such appropriations from the City's General Fund, the City may seek to refund additional Project Bonds in order to achieve debt service savings and/or restructure debt service over the life of the Outstanding Project Bonds if and when deemed economical or to better align projected revenues with debt service. There can be no assurance that the City Council will approve the issuance of such future series of bonds, that interest rates will not increase to a point where such refunding is not economical or that such refunding bonds can be sold.

## **Tax Increment Financing Litigation**

The Missouri Supreme Court upheld the constitutionality of the TIF Act (prior to certain amendments thereto) in 1987. See “**APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI.**” Nevertheless, litigation regarding the constitutionality and application of the TIF Act is currently pending in various Missouri circuit courts. Circuit courts in Missouri are trial courts and decisions in those courts are not binding on other Missouri courts. Circuit court decisions, whether favorable or unfavorable with respect to the constitutionality and application of the TIF Act, may be appealed to a Missouri Court of Appeals and, ultimately, the Missouri Supreme Court. If the plaintiffs are successful in one or more of the currently pending cases, the court's decision may interpret the requirements of the TIF Act in a manner adverse to the establishment of tax increment financing in the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan. It is not possible to predict whether an adverse holding in any current or future litigation would prompt a challenge to the adoption of tax increment financing in the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan or how that decision would be applied by a court with respect to the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan. If current or future litigation challenging all or any part of the TIF Act were to be applied to the adoption of tax increment financing in the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan, the PILOTS, EATS, State TIF Revenues or I-70 / Little Blue Parkway Revenues may not be available in the amounts or at the times expected by the City to pay portions of the principal of and interest on the Outstanding Project Bonds. The City cannot predict or guarantee the outcome of any currently pending or future litigation challenging the constitutionality or the application of the TIF Act or the application by a court of a potential holding in any case to other tax increment projects.

## **Risk Factors Relating to Revenues Generated by the Crackerneck Creek Project**

***Factors Impacting Bass Pro Retail Sales.*** The largest generator of PILOTS, EATS, State TIF Revenues and TDD Revenues in the Crackerneck Creek Project is the Bass Pro Store. Pursuant to the Bass Pro Lease, Bass Pro covenanted that it would open for business on the commencement date stated in the Lease and it will remain open and continuously operate under the Bass Pro trade name during the entire 20-year initial term of the lease (the “Operating Covenant Period”). Following the Operating Covenant Period, Bass Pro will have no obligation to remain open for business to the public. The Operating Covenant Period and the initial term of the Bass Pro Lease runs through the year 2026. Bass Pro has the option to renew the Bass Pro Lease for nine one-year periods, and three five-year periods. There can be no assurance that Bass Pro will renew the lease after the initial lease term. See “**APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER.**”

***Status of Developer.*** The City has the right to replace the Developer at any time. The City has not replaced the Developer because it has not been able to determine that a new developer would lead to an increase in leasing activity. See “**APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER.**”

***Additional Development.*** The Developer has requested that the City consider an amendment to the Crackerneck Creek Tax Increment Financing Plan that would allow the Developer to pursue opportunities to construct a multifamily residential complex within the Crackerneck Creek Redevelopment Area, which is not currently authorized under the Crackerneck Creek Tax Increment Financing Plan. The City’s Tax Increment Financing Commission is expected to hold a hearing on the amendment in March of 2021, after which it may recommend approval of the amendment to City Council. The City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area. There are currently no letters of intent or binding agreements for new tenants in the Crackerneck Creek Project, nor are there any commitments for the sales of any parcels. There can be no assurance that new retail stores will be located in the Crackerneck Creek Project.

Demand for retail goods, especially specialty retail goods, can be highly volatile, cyclical and is generally subject to a variety of economic conditions that significantly impact consumers and the demand for consumer goods. Such factors include economic conditions in the surrounding trade area, rental rates and occupancy rates, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism and rising operating costs, interruption or termination of operations as a result of fire, natural disaster, pandemics such as COVID-19, strikes or similar events, among many other factors. As a result of all of the above factors, it is difficult to predict with certainty the amount of retail sales or property taxes which may be realized from the Crackerneck Creek Project.

***Risk of Damage or Destruction.*** The partial or complete destruction of the Bass Pro Store or other stores or restaurants within the Crackerneck Creek Project, as a result of fire, natural disaster or similar casualty event, would adversely impact the collection of PILOTS, EATS, State TIF Revenues and TDD Revenues from the Crackerneck Creek Project.

#### **Risk of Failure to Maintain Levels of Assessed Valuations**

There can be no assurance that the assessed value within the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan will equal or exceed the current assessed value at any point in the future or that any level of assessed value will be maintained throughout the term of the Series 2021 Bonds. If at any time during the term of the Outstanding Project Bonds the actual assessed value is less than expected, the amount of the PILOTS will likely be less than anticipated by the City.

Even if the County Assessor’s determination of the assessed value of the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan equals or exceeds the anticipated assessed value, the property owners have the right to appeal such determination. The property owners within the Crackerneck Creek Redevelopment Area have in the past appealed the reassessment of property within the Crackerneck Creek Redevelopment Area. Additionally, certain tenants may also have the right to appeal such determination should the owners decline to do so. If any such appeal is not resolved prior to the time when real estate taxes are due, the taxpayer may pay the taxes under protest. In such event, payments in lieu of taxes being protested will not be available for deposit into the Special Allocation Fund until the appeal has been concluded. If the appeal is resolved in favor of the taxpayer, the assessed value of the property will be reduced, in which event the PILOTS may be less than anticipated. See “**APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI**” and “**APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER – Status of Developer.**”

In addition, if the assessed valuation in the City rises to the extent that a rollback in tax rates is required, and if the increase in assessed valuation within the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan is not as extensive as the increase within the City generally, the rollback in tax rates may result in a reduction in PILOTS. See “**APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI.**”

### **Risk Factors Relating to Revenues Generated by Retail Sales Tax**

*Generally.* The EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources are all generated by retail sales within the Crackerneck Creek Redevelopment Area (for EATS, State TIF Revenues and TDD Revenues) or other redevelopment areas around the City. The volume of sales tax revenues is contingent upon and may be adversely affected by a variety of factors, including without limitation economic conditions within the City or a particular redevelopment area or the surrounding trade area and competition from other retail businesses, rental rates and occupancy rates in private developments, suitability of the developments for the local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism and rising operating costs, interruption or termination of operations as a result of fire, natural disaster, strikes or similar events, among many other factors. As a result of all of the above factors, it is difficult to predict with certainty the expected amount of EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources which will be available for appropriation by the City to pay the principal of and interest on the Outstanding Project Bonds. The retail sales industry is highly competitive. Existing retail businesses outside of the City and/or the redevelopment areas generating EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources and the future development of such outside retail businesses, which are competitive with retail businesses in the City and/or such redevelopment areas may exist or may be developed after the date of this Official Statement.

*Online Sales.* The EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources are not generated by purchases made over the internet, nor on purchases made from catalogs. The future level of taxable retail sales which occur within the City and the various redevelopment areas contributing to such revenues will likely be negatively affected by the future level of internet sales (also known as e-commerce). E-commerce vendors compete with local retail businesses and in the future could reduce the level of taxable retail sales which otherwise would occur within the City and the various redevelopment areas contributing to the EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources. The use of the internet by consumers for their purchases is subject to various market factors as well as consumer behavior and preferences. The ultimate impact of internet sales on the level of taxable retail sales which occurs within the City and the various redevelopment areas contributing to the EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources cannot be determined at this time. Additionally, the increasing popularity of gift cards, the sales and resulting taxes from which are not realized until the gifted amounts are spent by the recipient, may impact monthly sales tax receipts in a manner which cannot be determined at this time.

E-commerce sales and other changes in the economy have also caused local sales tax collections to decline on a City-wide basis. It is not possible to predict whether or to what extent any such changes will continue, and what impact any such changes would have on sales tax revenues.

On August 6, 2019, the voters of the City approved a local use tax to be applied from and after January 1, 2020 to purchases made from out-of-state vendors that ship goods to consumers within the City. To the extent that sales or use tax is not charged by an out-of-state vendor, the consumer is required to file a use tax return with respect to such purchases, provided that a use tax return is not required for consumers whose purchases from out-of-state vendors do not exceed two thousand dollars in any calendar year. Proceeds of the City’s use tax must be applied for the purposes of (1) operating a no-kill animal shelter and (2) funding

additional police officers for the City until certain funding thresholds are reached, after which the proceeds are deposited into the City special sales tax accounts based on the levy rate of each such tax. The rate of the use tax is equal to the rate of the City's combined sales tax levy, currently 2.25%, provided that, if the City's combined sales tax levy is reduced or raised by voter approval, the use tax rate will automatically increase or decrease accordingly.

***Reliance on Sales Tax Revenue.*** The City depends significantly on retail sales tax revenues, with approximately 44% of the City's general and program revenues from governmental activities during the fiscal year ended June 30, 2020 being derived from such taxes and approximately 17% of the City's total general and program revenues during the fiscal year ended June 30, 2020 being derived from such taxes. The City's 2020-2021 Operating Budget anticipates a revenue decline of 21% for sales taxes received by the City in Fiscal Year 2021. In the first half of Fiscal Year 2021, the City did not see the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget, but has seen reductions in franchise fees collected by the City. See "THE CITY'S GENERAL FUND – The City's 2020-2021 Operating Budget" and "– Post-Budget Developments" for further discussion. Also see "THE CITY'S GENERAL FUND – The City's 2020-2021 Operating Budget" and "APPENDIX C: THE CITY'S 2020-2021 OPERATING BUDGET" for discussion of the City's plan to respond to anticipated revenue reductions.

### **Changes in State and Local Tax Rates**

Any taxing district in the Crackerneck Creek Redevelopment Area or the redevelopment area established for the I-70 / Little Blue Parkway Plan could lower its tax rate, which would have the effect of reducing the PILOTS or EATS derived from the Crackerneck Creek Redevelopment Area or the I-70 / Little Blue Parkway Revenues derived from the redevelopment area established for the I-70 / Little Blue Parkway Plan. Such a reduction in rates could be as a result of a desire of the governing body of the taxing district to lower tax rates, the retirement of general obligation bonds of the taxing district, taxpayer initiative, or in response to state or local litigation or legislation affecting the broader taxing structure within the taxing district, such as litigation or legislation affecting the primary reliance on ad valorem property taxes to fund elementary and secondary education in the State. Increases in property or sales taxes are not typically subject to capture within an already existing redevelopment area (see "APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI").

### **Changes in State and Local Tax Laws**

Any change in the current system of collection and distribution of real property taxes or sales taxes in the County or the City, including without limitation the reduction or elimination of any such tax, judicial action concerning any such tax or voter initiative, referendum or action with respect to any such tax, could adversely affect the availability of Pledged Revenues and Other Appropriation Sources to contribute to the payment of the principal of and interest on the Outstanding Project Bonds, including the Series 2021 Bonds. There can be no assurances, however, that the current system of collection and distribution of the real property taxes or sales taxes in the County or the City will not be changed by any competent authority having jurisdiction to do so, including without limitation the State, the County, the City, school districts, the courts or the voters, and the Financing Agreement does not limit the ability of the City to make any such changes with respect to City taxes and levies.

### **Risk Factors Relating to I-70 / Little Blue Parkway Revenues**

The I-70 / Little Blue Parkway Revenues are subject to the same risks as are described herein relating generally to other sales and property tax driven revenues, but specifically with respect to project area #1 and project area #3 established under the I-70 / Little Blue Parkway Plan. Project area #1 of the I-70 / Little Blue Parkway Plan contains a Menards home improvement store, a QuikTrip convenience store and four out-lot restaurants, including a DQ Grill & Chill, a Lion's Choice, a Wendy's and a Black Bear Diner. Project area #3 of the I-70 / Little Blue Parkway Plan contains a car wash, two restaurants (an Old Chicago pizza restaurant

and a Slim Chickens restaurant) and Main Event, a family fun and entertainment venue. The success of project area #1 of the I-70 / Little Blue Parkway Plan is almost entirely dependent on the continued operation of the Menards store. Project area #3 of the I-70 / Little Blue Parkway Plan is located at the main entrance to the Crackerneck Creek Redevelopment Area and its customer base is more associated with visitors to the Bass Pro Store and other businesses with the Crackerneck Creek Redevelopment Area. The effects of a continued COVID-19 response will be felt strongly by Main Event, as a family recreation and gathering venue.

### **Risk Factors Relating to the Non-Dedicated Appropriation Sources**

The Non-Dedicated Appropriation Sources are subject to the same risks as are described herein relating generally to other sales and property tax driven revenues. Additionally, the timing and amount of Non-Dedicated Appropriation Sources received by the City is subject to (1) the payoff of bonds issued for certain redevelopment areas, (2) the payment in full of obligations to developers relating to certain redevelopment areas, and (3) the economic performance within the redevelopment areas from which the revenues available from the Non-Dedicated Appropriation Sources will be generated both before and after termination of tax increment financing within such redevelopment areas. The amount of revenues available to the City from the Non-Dedicated Appropriation Sources and the timing of such revenues is impossible to predict with accuracy. The City has made certain assumptions with respect to such amounts and timing, which, if materially inaccurate, may affect the City's willingness or ability to continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement relating to the Bonds.

Any sustained reduction in the City's governmental revenues may reduce the likelihood that the City will appropriate revenues from the Non-Dedicated Appropriation Sources to pay (together with other sources described herein) debt service on the Outstanding Project Bonds, including the Series 2021 Bonds, since such revenues would otherwise benefit the City's sales and property tax funds. In addition to the City's Health and Recreation Property Tax Fund, Non-Dedicated Appropriation Sources include certain amounts deposited to three of the City's special sales tax funds, including the Street Improvement Sales Tax Fund, the Park Improvement Sales Tax Fund, and the Storm Water Sales Tax Fund. The 2020-2021 Operating Budget estimates a revenue decline of 21% in sales tax collections for its various special sales tax funds due to the effects of COVID-19. In the first half of Fiscal Year 2021, the City did not see the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget. In fact, first half collections of sales tax exceeded first half collections in Fiscal Year 2020. However, there can be no assurance that collections of sales tax revenues will continue to exceed the assumptions of the 2020-2021 Operating Budget.

Any sustained reduction in revenues for the City's Street Improvement Sales Tax Fund, Park Improvement Sales Tax Fund and/or Storm Water Sales Tax Fund will reduce the amounts available in such funds for appropriation to debt service on the Outstanding Project Bonds and may reduce the likelihood that the City will appropriate all of the revenues available from the Other Appropriation Sources to pay a portion of the debt service on the Outstanding Project Bonds, including the Series 2021 Bonds.

### **Federal Investigation of Certain Transactions**

In March of 2020, a federal grand jury issued a subpoena for records of closed-session (non-public) meetings held by the City Council of the City. Governing bodies of cities in Missouri are allowed by law to hold non-public meetings for a variety of purposes for which information discussed at such meetings may be detrimental if released to the public, including but not limited to buying or selling real estate and attorney-client matters such as litigation and contract negotiations. The three meetings for which records were requested were held on December 19, 2016, May 15, 2017 and October 23, 2017. During such meetings, the City Council discussed two transactions conducted by the City around the time of such meetings (although the City Council's discussion was not limited exclusively to such transactions). In one transaction, the City purchased approximately 94 acres of land and then leased the property to a private power company for the operation of a solar farm (the "Solar Farm Transaction"). In the other transaction, as part of the decommissioning of the "Missouri City Power Plant" that was once a part of the City's electric utility (known

as “Independence Power & Light”), the City awarded a contract to demolish the Missouri City Power Plant (the “Power Plant Demolition Transaction”). The Solar Farm Transaction involved the purchase of property by the City for \$985,000, which property had been acquired by the seller within the prior year for \$550,000. The Power Plant Demolition Transaction involved the acceptance by the City of the higher of two bids received for the demolition project (the bid accepted was for approximately \$9.75 Million and the rejected bid was for approximately \$4.45 Million).

In March of 2020, the Federal Bureau of Investigations (“FBI”) requested from the City copies of a resolution dated July 21, 2014 relating to the Power Plant Demolition Transaction, minutes of two meetings (June 27, 2016 and July 18, 2016), and a request for qualifications distributed by the City with respect to the Power Plant Demolition Transaction. In April of 2020, the FBI requested minutes of a June 23, 2017 meeting of the City utility board that advises the City Council on the governance of Independence Power & Light. In May of 2020, the FBI requested reimbursement receipts submitted by four members of the City Council and requested video of an April 3, 2017 City Council meeting. The Power Plant Demolition Transaction had been discussed at each of the meetings for which records were requested by the FBI. In June of 2020, the FBI requested data files establishing the boundaries of neighborhood council districts displayed on the City’s website. The neighborhood councils are a system of not-for-profit entities at the neighborhood level that operate within defined boundaries and advocate for public services and improvements and economic development within their areas.

Based on the City’s present knowledge and information available to the City, (1) the City does not believe that the investigations relate to the Redevelopment Area, the Project Bonds, or any expenditures, contracts or decision making related thereto, and (2) the City does not believe the ultimate resolution of the investigations will have a material adverse effect on the Pledged Revenues or Other Appropriation Sources or the City’s overall financial condition.

#### **Titan Fish Lawsuit**

In July of 2020, Titan Fish Partners, LLC and a named individual filed a petition against the City and two City Council members (the “Titan Fish Lawsuit”). Titan Fish Partners, LLC is the seller of land to the City in the Solar Farm Transaction discussed above under **“BONDOWNERS’ RISKS – Federal Investigation of Certain Transactions.”** The petition claims that certain statements made by such City Council members to and reported in the *Kansas City Star* charged Titan Fish Partners, LLC with being under investigation by the FBI, and that such statements caused damage to the plaintiffs based on defamation, intentional infliction of emotional distress, and tortious interference with a business expectancy. The City does not believe the ultimate resolution of the Titan Fish Lawsuit will have a material adverse effect on the Pledged Revenues or Other Appropriation Sources or the City’s overall financial condition.

#### **Auditor’s Review of Crackerneck Creek Transactions**

The City engaged its auditors, Rubin Brown LLP, to undertake agreed-upon procedures and produce a report of certain transactions relating to the Crackerneck Creek Redevelopment Area. The areas of focus for the agreed-upon procedures included transactions during the periods of January 1, 2013 through December 31, 2014 and January 1, 2017 through December 31, 2018 with respect to the following revenues: (1) PILOTS generated by the Crackerneck Creek Redevelopment Area, (2) EATS generated by the Crackerneck Creek Redevelopment Area, (3) State TIF Revenues generated by the Crackerneck Creek Redevelopment Area, (4) TDD Revenues generated by the Crackerneck TDD, (5) I-70 / Little Blue Parkway Revenues transferred for the benefit of the Crackerneck Creek Redevelopment Area, (6) EATS generated by the 39<sup>th</sup> Street Transportation Development District and captured within the Crackerneck Creek Redevelopment Area, and (7) Bass Pro Lease Payments. For each of these revenue streams, for the periods mentioned above, Rubin Brown LLP obtained copies of underlying agreements relating to the collection and distribution of revenue, documented the formula for calculating the amounts of such revenue, recalculated the amounts of revenue based on the formula, and compared such calculated amounts to the City’s records of collections. Additionally,

the agreed-upon procedures included analysis and recalculation of records provided by City Staff and documentation of sales of property by the City within the Crackerneck Creek Redevelopment Area.

The results of the agreed-upon procedures as reported by Rubin Brown LLP are as follows: (1) EATS revenue calculations temporarily failed to exclude sales taxes generated by sleeping room charges, which was identified, corrected and retroactively adjusted, (2) the City once double-recoded a \$2,070 adjustment, causing an understatement of EATS revenues for that period, (3) the City's method of adjusting EATS revenues for the statutorily required exclusion of sales taxes generated by sleeping room charges during the sample periods resulted in underreporting of EATS revenues by approximately \$3,138 per year (4) the report noted that Rubin Brown LLP was unable to obtain a list of the businesses remitting tax to the Crackerneck TDD, but that records analyzed consisting of deposit notices from the Missouri Department of Revenue produced no exceptions, (5) the agreements relating to the I-70 / Little Blue Parkway Revenues do not specify the frequency of transfers to the Crackerneck Creek Redevelopment Area accounts held by the City and the City has made transfers in some years but not in others, (6) two businesses were improperly excluded from the 39th Street Transportation Development District, resulting in an understatement of EATS revenues by an estimated amount of \$36,736 during the sample period, (7) an incorrect formula for adjusting out hotel room generated tax imposed by the 39th Street Transportation Development District resulted in an understatement of revenues of the Crackerneck Creek Redevelopment Area estimated at \$4,000, which the City corrected on an ongoing basis but did not retroactively adjust, (8) the City's working spreadsheet used for analysis of the Crackerneck Creek Redevelopment Area contained some clerical errors and update lags, but the general ledger maintained as ultimate source of record was not affected by these issues, and (9) the report found no evidence of sales of property within the Crackerneck Creek Redevelopment Area generating sales proceeds for the benefit of the City.

### **Cybersecurity Risks**

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets or information or to cause operational disruption and damage. As a recipient and provider of personal, private or sensitive information, the City and its agencies and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

In July of 2020, the City began an investment program of over four million dollars in upgrades to its computer and information-technology systems in order to better prepare for potential cyber-attacks. On December 5, 2020, during the period in which such upgrades were being implemented, the City was hit with a ransomware attack. Ransomware works by attacking user files, encrypting them and essentially holding the information hostage in exchange for a payment. The attack was successful in encrypting and removing files, but did not infect any of the City's critical operational systems. The City took its entire network offline temporarily to assess the extent of the damage, during which time the City's online utility bill payment system and other publicly accessible features were unavailable. Because of the downtime, the City temporarily waived late fees and penalties for power and water customers and temporarily suspended residential utility shutoffs for failure to pay. The files encrypted and/or removed during the attack were backed up on other City data storage devices, so the City did not lose access to any of its system. The City is still investigating but has not discovered any personal or other sensitive information taken as part of the attack. The City has since substantially completed its program of upgrades to provide increased protection against cyber-attacks.

It is possible that security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information or damage to operating systems resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the City's computer and information-technology systems and the services they provide, or the unauthorized disclosure of confidential and other credit information. If personal or otherwise



protected information is improperly accessed, tampered with or distributed, the City may incur significant costs to remediate possible injury to the affected persons, and the City may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of computer and information-technology systems could interrupt the City's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations and financial condition. The City does carry insurance to cover damages related to cyber-attacks.

### **Additional Parity Bonds**

So long as the City is willing to commit its annual appropriation obligation to the repayment of applicable loan payments with respect to additional bonds, the City may issue or cause to be issued future bonds on a parity with other Project Bonds then outstanding for the purpose of refunding outstanding Project Bonds. This means that so long as the City is willing to commit its annual appropriation to the futures series of Project Bonds the City can encumber the Pledged Revenues, the EATS, the Bass Pro Lease Payments and the Bass Pro Store without limit and may pay debt service on such refunding Project Bonds from Pledged Revenues and Other Appropriation Sources.

### **Shortfalls Relating to Other Annual Appropriation Obligations**

The City has a variety of obligations relating to bonds or leases issued for other redevelopment areas, municipal utilities, infrastructure projects and the Independence Events Center, which are secured by annual appropriations of the City. See “**FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City – Revenue Obligations**” in **Appendix A** hereto. Any shortfall in the intended revenue sources for these obligations may decrease the City's willingness or ability to continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement relating to the Bonds. The Other Appropriation Sources as well as amounts in the City's General Fund and other legally available funds could serve as a source of appropriations for the City's other annual appropriation obligations as well as the Outstanding Project Bonds and there is no guarantee as to how the City would prioritize payment in case of shortfalls with respect to various tranches of obligations. See “**FINANCIAL INFORMATION CONCERNING THE CITY – Debt Service on Obligations Secured by Annual Appropriations**,” in **Appendix A** hereto, for a table showing debt service on all outstanding obligations of the City secured by annual appropriations.

### **Enforcement of Remedies**

The enforcement of the remedies under the Indenture, the Financing Agreement, and the Bass Pro Lease may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the delivery of the Series 2021 Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

### **Amendment of Indenture**

Certain amendments to the Indenture and the Financing Agreement may be made without the consent of or notice to the registered owners of the Bonds. Such amendments may adversely affect the security for the Bonds. In addition to the foregoing, in some jurisdictions outside the State of Missouri, there are a variety of

trust instruction procedure (“TIP”) statutes, which generally allow judicially supervised remedies for trust estates of trustees that have a nexus, such as the Trustee’s office, with such jurisdiction. Under such TIP statutes, such jurisdictions may allow or order the Trustee to amend the documents relating to the Bonds in contravention of the manner provided for in these documents, including without limitation allowing the Trustee to disregard provisions requiring the consent of the holders of the Bonds prior to certain amendments of these documents.

### **Early Redemption Prior to Maturity**

Any person who purchases a Series 2021 Bond at a price in excess of its principal amount or who holds such Series 2021 Bond trading at a price in excess of par should consider the fact that the Series 2021 Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See the section herein captioned “**THE SERIES 2021 BONDS – Redemption.**”

### **Debt Service Reserve Fund**

At the time of issuance of the Series 2021 Bonds, an account in the Debt Service Reserve Fund will be established for the Series 2021 Bonds, and a deposit will be made to such account in an amount equal to, or in satisfaction of, the Debt Service Reserve Requirement. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Debt Service Reserve Fund**” herein. There can be no assurance that the amounts on deposit in the applicable account of the Debt Service Reserve Fund will be available if needed for payment of the Series 2021 Bonds in the full amount of the Debt Service Reserve Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred to the Debt Service Fund, sufficient revenues may not be available to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

The Debt Service Reserve Requirement for the Series 2021 Bonds may be satisfied by a Debt Service Reserve Policy guaranteeing payments into the Debt Service Reserve Fund in accordance with the requirements of the Indenture. A “Debt Service Reserve Policy” means a surety bond or similar instrument issued by a bank, insurance company or other financial institution with a credit rating in one of the two highest rating categories of any nationally recognized rating service (without regard to any refinements of gradation of any rating category by numerical modifier or otherwise), for the purpose of satisfying the Debt Service Reserve Requirement with respect to the Series 2021 Bonds.

### **Determination of Taxability**

The Series 2021 Bonds are not subject to redemption, nor are the interest rates on the Series 2021 Bonds subject to adjustment, in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Series 2021 Bond is or was includible in the gross income of the owner of a Series 2021 Bond for federal income tax purposes. Such determination may, however, result in a breach of tax covenants, which may constitute an event of default under the Indenture. Likewise, the Indenture does not require the redemption of the Series 2021 Bonds or the adjustment of interest rates on the Series 2021 Bonds if the interest thereon loses its exemption from income taxes imposed by the State. ***It may be that Bondowners would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for Missouri and federal income tax purposes.***

### **Risk of Audit**

The Internal Revenue Service (the “Service”) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2021 Bonds. Owners of the Series 2021 Bonds are advised that, if an audit of the Series 2021 Bonds were commenced, in accordance with its current published procedures, the Service is likely to treat the Board as the

taxpayer, and the owners of the Series 2021 Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2021 Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

### **Lack of Market for the Series 2021 Bonds**

No assurance can be given that a secondary market for the Series 2021 Bonds will develop following the completion of the offering of the Series 2021 Bonds.

### **Defeasance Risks**

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Board shall pay or provide for the payment of such Bonds in any one or more of the following ways: (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable; (b) by delivering such Bonds to the Trustee for cancellation; or (c) by depositing in trust with the Trustee or other Paying Agent moneys and Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice. Government Obligations include the following: (a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee. 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 Obligations 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 that could include any rating of the Series 2021 Bonds, if the Series 2021 Bonds are then rated, defeased with Government Obligations to the extent the Government Obligations have a change or downgrade in rating.

## **LITIGATION**

### **The Board**

There is not now pending or, to the knowledge of the Board, threatened any litigation against the Board seeking to restrain or enjoin the issuance or delivery of the Series 2021 Bonds, or questioning or affecting the validity of the Series 2021 Bonds or the proceedings of the Board under which they are to be issued, or which in any manner questions the right of the Board to enter into the Indenture or the Financing Agreement or to secure the Series 2021 Bonds in the manner provided in the Indenture or the Act.

## **The City**

There is not now pending or, to the knowledge of the City, threatened any litigation against the City seeking to prohibit, restrain, or enjoin the issuance, sale, or delivery of the Series 2021 Bonds or the collection of the Trust Estate pledged or to be pledged by the Issuer to pay the principal of and interest on the Series 2021 Bonds, or the pledge thereof, which in any manner questions the right of the City to enter into the Financing Agreement or to secure the City's Loan Payments with respect to the Series 2021 Bonds in the manner provided in the Financing Agreement, or affecting or seeking to prohibit, restrain or enjoin the City's covenant for the City Manager or Acting City Manager to include or cause to be included in each budget submitted to the City Council the necessary annual appropriation for the Loan Payments as required under the Financing Agreement.

## **LEGAL MATTERS**

Certain legal matters incident to the authorization and issuance of the Series 2021 Bonds by the Board are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Series 2021 Bonds. Certain legal matters will be passed upon for the Board by its counsel, Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters relating to the Official Statement will be passed upon for the City by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed upon for the City by its City Counselor. Certain legal matters will be passed upon for the Underwriter by its co-counsel, Orrick, Herrington & Sutcliffe LLP and Armstrong Teasdale LLP.

The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **TAX MATTERS**

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2021 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 2021 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, 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 2021 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 2021 Bonds.

### **Opinion of Bond Counsel**

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Series 2021 Bonds:

**Federal and Missouri Tax Exemption.** The interest on the Series 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

**Alternative Minimum Tax.** Interest on the Series 2021 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

**Bank Qualification.** The Series 2021 Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

Bond counsel’s opinions are provided as of the date of the original issue of the Series 2021 Bonds, subject to the condition that the Board and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board and the City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2021 Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2021 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2021 Bonds but has reviewed the discussion under the heading “TAX MATTERS.”

#### **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 Series 2021 Bond over its issue price. The issue price of a Series 2021 Bond is the first price at which a substantial amount of the Series 2021 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). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2021 Bond during any accrual period generally equals (1) the issue price of that Series 2021 Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2021 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 2021 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 excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2021 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

**Original Issue Premium.** If a Series 2021 Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2021 Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2021 Bond. Under Section 171 of the Code, the purchaser of that Series 2021 Bond must amortize the premium over the term of the Series 2021 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2021 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2021 Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

**Sale, Exchange or Retirement of Bonds.** Upon the sale, exchange or retirement (including redemption) of a Series 2021 Bond, an owner of the Series 2021 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 2021 Bond (other than in respect of accrued and

unpaid interest) and such owner's adjusted tax basis in the Series 2021 Bond. To the extent a Series 2021 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 2021 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 2021 Bonds, and to the proceeds paid on the sale of the Series 2021 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 2021 Bonds should be aware that ownership of the Series 2021 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2021 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2021 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 2021 Bonds, including the possible application of state, local, foreign and other tax laws.

## RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the Series 2021 Bonds the rating shown on the cover page of this Official Statement. Such rating reflects only the view of Standard & Poor's, and any further explanation of the significance of such rating may be obtained only from the rating agency. The rating does not constitute a recommendation by the rating agency to buy, sell or hold any bonds, including the Series 2021 Bonds. There is no assurance that any rating when assigned to the Series 2021 Bonds will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of the rating assigned to the Series 2021 Bonds may have an adverse effect on the market price of the Series 2021 Bonds.

## FINANCIAL STATEMENTS

Audited financial statements of the City for the fiscal year ended June 30, 2020 are included in **Appendix B** hereto. The financial statements for the fiscal year ended June 30, 2020 have been audited by Rubin Brown LLP, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto. Rubin Brown LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Rubin Brown LLP also has not performed any procedures relating to this Official Statement.

## CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Undertaking with respect to ongoing disclosure which will constitute the written understanding for the benefit of the holders of the Series 2021 Bonds required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. A form of the Continuing Disclosure

Undertaking is included in **Appendix J**. The Board has determined that no financial or operating data concerning the Board is material to an evaluation of the offering of the Series 2021 Bonds or to any decision to purchase, hold or sell Series 2021 Bonds and the Board will not provide any such information. Any commitment or obligation for continuing disclosure with respect to the Series 2021 Bonds or the City has been undertaken solely by the City.

The City has previously entered into continuing disclosure undertakings similar to the Continuing Disclosure Undertaking related to most of the outstanding bonds listed in **Appendix A** under the heading “**FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City – General Obligation Debt**” and “– *Revenue Obligations.*” The City believes it has complied in all material respects during the past five years with its prior undertakings, except as follows:

- For fiscal years ended June 30, 2015 through 2018, the City timely filed its audited financial statements on EMMA; however, the audited financial statements were not timely linked to all CUSIP numbers for the Series 2012F Bonds, Series 2013A Bonds and Series 2014C Bonds (described in **Appendix A** hereto).
- For the fiscal year ended June 30, 2015, the City did not timely file its audited financial statements on EMMA and such audited financial statements were not properly linked to all CUSIP numbers for the Series 2013A Bonds and Series 2014C Bonds (described in **Appendix A** hereto).
- For fiscal years ended June 30, 2016 through 2018, the City timely filed the required operating data on EMMA under its Series 2012F Bonds and Series 2014C Bonds (described in **Appendix A** hereto); however, this information was not linked to all CUSIP numbers for the Series 2012F Bonds and Series 2014C Bonds.
- For fiscal years ended June 30, 2015 through 2018, the City did not file certain categories of operating data on EMMA required to be provided pursuant to its prior continuing undertakings entered into in connection with the City’s then-outstanding tax increment financing loan obligations and obligations related to the City’s Events Center evidenced by infrastructure facilities revenue bonds issued by the Board (as more fully described in **Appendix A** hereto) in the level of detail required by the continuing disclosure undertakings relating to certain of such bonds. Aggregate information relating to revenues required to be disclosed was available as part of the City’s comprehensive annual financial reports filed for such years, but certain continuing disclosure undertakings called for revenue information at a more detailed level. On December 26, 2019, the City filed a supplemental report containing such information for fiscal years ended June 30, 2014 through 2018.
- In addition, the City did not file event notices relating to certain bond redemptions, defeasances or rating changes for certain prior bond issues for which it was the “obligated person” in full compliance with its prior continuing disclosure undertakings. The City believes, however, that any prior deficiency with respect to those event notices is not material, as the information was disseminated or available through other sources.

For Fiscal Year 2019, the City’s audited financial statements were not available by the filing deadline required under its prior undertakings. In accordance with its prior undertakings, the City filed unaudited financial statements on December 26, 2019, and filed its audited financial statements when they became available, although this was not until May 26, 2020. The reasons for this extended delay include the City’s employment of a new auditor starting with Fiscal Year 2019, the implementation of new financial software in Fiscal Year 2019, inefficiencies caused by turnover in City staff, difficulties in completing the audit while complying with COVID-19 social distancing measures at City Hall, and

additional single-audit procedures performed by the auditor in response to the investigation of certain transactions described under **“BONDOWNERS’ RISKS – Federal Investigation of Certain Transactions.”**

In order to promote future compliance with its continuing disclosure undertakings, the City engaged Gilmore & Bell, P.C., to assist the City in meeting its continuing disclosure obligation. The City’s current engagement with Gilmore & Bell, P.C., is for five-years, beginning with the City’s continuing disclosure obligations for fiscal year ended June 30, 2020. Additionally, in connection with the authorization of the Series 2021 Bonds, the City adopted a new continuing disclosure compliance policy for the purpose of formalizing procedures to better ensure compliance with its continuing disclosure undertakings and designating a specific City staff member as having responsibility for continuing disclosure and ensuring that such staff member understands the City’s continuing disclosure obligations.

### **UNDERWRITING**

The Series 2021 Bonds are being purchased by Goldman Sachs & Co. LLC (the “Underwriter”). The Underwriter has agreed to purchase the Series 2021 Bonds pursuant to a Bond Purchase Agreement entered into by and among the Board, the City and the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase the Series 2021 Bonds at a purchase price of \$ \_\_\_\_\_ (which represents the principal amount of the Series 2021 Bonds less an underwriter’s discount of \$ \_\_\_\_\_ and less net original issue discount / plus net original issue premium of \$ \_\_\_\_\_). In addition, the Bond Purchase Agreement provides, among other things, that the Underwriter will purchase all of the Series 2021 Bonds if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2021 Bonds to the public. The City has agreed in the Bond Purchase Agreement to indemnify the Underwriter against certain liabilities. The obligations of the Underwriter to accept delivery of the Series 2021 Bonds are subject to various conditions contained in the Bond Purchase Agreement.

### **MUNICIPAL ADVISOR**

Baker Tilly Municipal Advisors, LLC (the “Municipal Advisor”) has acted as municipal advisor to the City in connection with the sale of the Series 2021 Bonds. The Municipal Advisor has assisted the City in matters relating to the planning, structuring and delivery of the Series 2021 Bonds and various other debt related matters. The Municipal Advisor will not be a manager or a member of any purchasing group submitting a proposal for the purchase of the Series 2021 Bonds.

### **VERIFICATION AGENT**

Upon delivery of the Series 2021 Bonds, Robert Thomas CPA, LLC, a firm of independent certified public accountants, will deliver to the Underwriter a report verifying the mathematical accuracy of certain computations relating to the adequacy of the maturing principal amount of the securities held in the Escrow Fund, interest earned thereon and certain uninvested cash to pay the redemption prices of the Refunded Bonds [and the mathematical computations supporting the conclusion that the Series 2021 Bonds are not "arbitrage bonds" under Section 148 of the Code]. Such verification of the accuracy of the computations will be based upon information supplied by the Underwriter and on interpretations of the Code provided by Bond Counsel.



**MISCELLANEOUS**

The references herein to the Act, the Indenture, the Financing Agreement and the Continuing Disclosure Undertaking are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Act, the Indenture, the Financing Agreement and the Continuing Disclosure Undertaking. Copies of such documents are on file at the offices of the Underwriter and following delivery of the Series 2021 Bonds will be on file at the office of the Trustee as described above under the caption **“INTRODUCTORY STATEMENT - Definitions and Summaries of Legal Documents”**.

The agreement of the Board with the owners of the Series 2021 Bonds is fully set forth in the Indenture, and neither any advertisement of the Series 2021 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2021 Bonds. Statements made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The Cover Page hereof and the Appendices hereto are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The execution and delivery of this Official Statement has been duly authorized by the City, and its use has been approved by the Board.

**CITY OF INDEPENDENCE, MISSOURI**

By: \_\_\_\_\_  
City Manager