NEW ISSUE
(Book Entry Only)

S&P Rating - "A+"
See "RATING" herein.

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Series 2021A 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 both the Series 2021A Bonds and the Series 2021B Bonds is exempt from income taxation by the State of Missouri and (3) the Series 2021A 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

$23,250,000*
Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri - Annual Appropriation Sewer System Revenue Bonds)
Series 2021A

$41,640,000*
Taxable Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri - Annual Appropriation Sewer System Revenue Bonds)
Series 2021B

Dated: Date of Issuance

Due: See Inside Cover Page

The Series 2021 Bonds (consisting of the Series 2021A Bonds and the Series 2021B Bonds shown above) 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 May 1 and November 1, beginning on May 1, 2022.

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

The Series 2021 Bonds will be payable solely from, and will be secured by: (i) Loan Payments (defined herein) made by the City of Independence, Missouri (the "City"), pursuant to the annually renewable Financing Agreement described herein between the Missouri Development Finance Board (the "Board") and the City ; and (ii) certain other funds held by the Trustee under the Indenture. See "**SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2021 BONDS.**"

Payment of the principal of and interest on the Series 2021 Bonds is not secured by any deed of trust, mortgage or other lien on any portion of the City's Sewer System described herein or any other facilities or property of the City.

THE SERIES 2021 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 SERIES 2021 BONDS. THE ISSUANCE OF THE SERIES 2021 BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFORE OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT, EXCEPT AS OTHERWISE DESCRIBED HEREIN. THE BOARD HAS NO TAXING POWER.

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 counsel, FisherBroyles, LLP. Certain legal matters will be passed on for the City by Lauber Municipal Law, LLC, Lee's Summit, Missouri, serving as the City Counselor of 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 October ___, 2021.

Morgan Stanley

The date of this Official Statement is September ___, 2021

* Preliminary, subject to change.

MISSOURI DEVELOPMENT FINANCE BOARD

$23,250,000*
Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri - Annual
Appropriation Sewer System Revenue Bonds)
Series 2021A

Dated: Date of Issuance **Due: November 1 as shown below**

Maturity Schedule**

Serial Bonds

November 1	Principal Amount	Interest Rate	Offering Price	CUSIP No.†

Term Bonds

$__________ Term Bonds due November 1, 20__, Interest Rate: _____%, Offering Price: ______%, CUSIP No.† _____
$__________ Term Bonds due November 1, 20__, Interest Rate: _____%, Offering Price: ______%, CUSIP No.† _____
$__________ Term Bonds due November 1, 20__, Interest Rate: _____%, Offering Price: ______%, CUSIP No.† _____

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* Preliminary, subject to change.

** Preliminary, subject to change. Serial maturities may be aggregated into one or more term bonds with mandatory sinking fund payments. Similarly, any maturities shown as term bonds may be restructured as serial maturities.

† 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. 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.

$41,640,000*
Taxable Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri - Annual
Appropriation Sewer System Revenue Bonds)
Series 2021B

Dated: Date of Issuance **Due: November 1 as shown below**

Maturity Schedule**

Serial Bonds

November 1	Principal Amount	Interest Rate	Offering Price	CUSIP No.†

Term Bonds

$__________ Term Bonds due November 1, 20__, Interest Rate: _____%, Offering Price: ______%, CUSIP No.† _____
$__________ Term Bonds due November 1, 20__, Interest Rate: _____%, Offering Price: ______%, CUSIP No.† _____
$__________ Term Bonds due November 1, 20__, Interest Rate: _____%, Offering Price: ______%, CUSIP No.† _____

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* Preliminary, subject to change.

** Preliminary, subject to change. Serial maturities may be aggregated into one or more term bonds with mandatory sinking fund payments. Similarly, any maturities shown as term bonds may be restructured as serial maturities.

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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 **"BONDOWNERS' RISKS"** section 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.

The City maintains a website, however, the information presented therein is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Series 2021 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.

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$23,250,000*
Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri - Annual Appropriation Sewer System Revenue Bonds)
Series 2021A

$41,640,000*
Taxable Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri - Annual Appropriation Sewer System Revenue Bonds)
Series 2021B

INTRODUCTION

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

Purpose of the Official Statement

This Official Statement, including the cover page and the Appendices, sets forth certain information in connection with: (i) the issuance and sale by the Missouri Development Finance Board, a body corporate and politic of the State of Missouri (the "**Board**"), of the above-described two series of bonds (separately, the "**Series 2021A Bonds**" and the "**Series 2021B Bonds**" and collectively the "**Series 2021 Bonds**"); (ii) the City of Independence, Missouri (the "**City**"); (iii) the City's sanitary sewer system (the "**Sewer System**"); and (iv) the security for the Series 2021 Bonds.

The Board

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

The City

The City of Independence, Missouri (the "**City**") is a constitutional charter city and political subdivision of the State of Missouri. See the caption "**THE CITY**" herein and "**APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI AND THE SEWER SYSTEM**."

The Series 2021 Bonds

The Series 2021A Bonds are being issued pursuant to the Act and a Bond Trust Indenture dated as of October 1, 2021 (said Bond Trust Indenture, together with all amendments and supplements thereto, being referred to herein as the "**Indenture**"), between the Board and UMB Bank, N.A., Kansas City, Missouri (the "**Trustee**"), for the purpose of providing funds to make available to the City, together with certain other funds available to the City for such purpose, to: (i) refund, on a current basis, the outstanding Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Annual Appropriation Sewer System Revenue Bonds), Series 2012B (the "**Series 2012B Refunded Bonds**") issued by the Board for the benefit of the City's Sewer System; (ii) fund a debt service reserve account for the Series 2021A Bonds or the cost of obtaining a Debt Service Reserve Policy (defined herein) for the Series 2021A Bonds; and (iii) pay the costs of issuance of the Series 2021A Bonds and the incidental costs of refunding the Series 2012B Refunded Bonds. The Series 2021B Bonds are being

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* Preliminary, subject to change.

issued pursuant to the Act and the Indenture for the purpose of providing funds to make available to the City, together with certain other funds available to the City for such purpose, to: (i) advance refund the outstanding Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Annual Appropriation Sewer System Revenue Bonds) Series 2013C (the "**Series 2013C Refunded Bonds**," and together with the Series 2012B Refunded Bonds, the "**Refunded Bonds**") issued by the Board for the benefit of the City's Sewer System; (ii) fund a debt service reserve account for the Series 2021B Bonds or the cost of obtaining a Debt Service Reserve Policy (defined herein) for the Series 2021B Bonds; and (iii) pay the costs of issuance of the Series 2021B Bonds and the incidental costs of refunding the Series 2013C Refunded 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.

Security for the Series 2021 Bonds

The Series 2021 Bonds are special, limited obligations of the Board payable as described herein. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS - Source of Payment; Limited Obligation"** herein.

The Series 2021 Bonds are payable solely from, and secured by: (i) a pledge of Loan Payments made by the City pursuant to the Financing Agreement between the Board and the City (the "**Financing Agreement**"); and (ii) certain other funds held by the Trustee under the Indenture. 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 Series 2021 Bonds.

Proceeds of the Series 2021 Bonds will be used to defease and refund the Refunded Bonds. The Financing Agreement provides that the City will make loan payments to the Board in amounts equal to the principal of and interest payments on the Series 2021 Bonds (the "**Loan Payments**"). The Loan Payments are subject to annual appropriation by the City Council from available revenues of the Sewer System after payment of operation and maintenance expenses of the Sewer System and payments related to outstanding revenue bonds payable from Sewer System revenues (as more fully described herein, the "**Available Sewer Revenues**"). Pursuant to the Financing Agreement the City has covenanted to: (i) request in budget proposals submitted to the City Council the appropriation of Available Sewer Revenues; (ii) restrict the issuance of System Revenue Bonds and any additional annual appropriation obligations as described herein; and (iii) fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the Sewer System as will produce revenues sufficient to pay the Loan Payments and Additional Payments as described herein. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS**" herein.

Bondowners' Risks

Payment of the principal of and interest on the Series 2021 Bonds is dependent upon the City's decision to continue to annually appropriate sufficient moneys to provide for the payment of the Loan Payments and other risks. See **"BONDOWNERS' RISKS"** for a discussion of certain risks.

Continuing Disclosure

The City will execute 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 G**. 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 C** of this Official Statement. Brief descriptions of the Board, the City, the Series 2021 Bonds, the Financing Agreement and the Continuing Disclosure Undertaking are included in this Official Statement. Summaries of certain of such documents are included in this Official Statement in **Appendix C**. 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 office of the Trustee, 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, Morgan Stanley, at 1585 Broadway, 16th Floor, New York, NY 10036, during the period of the offering and, thereafter, at the principal 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.

Kim Martin serves as Acting 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.

- ***Bradley G. Gregory*** – Vice Chair, term as a member expired September 14, 2019. Mr. Gregory is President and CEO of Bank of Bolivar in Bolivar, 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.

- ***Brent T. Buerck*** – term as a member expires September 14, 2022. Mr. Buerck is the City Administrator of the City of Perryville, Missouri.

- ***Dan E. Cranshaw*** - term as a member expires September 14, 2022. Mr. Cranshaw is a shareholder at Polsinelli PC.

- ***Rick Holton, Jr.*** - term as a member expires September 14, 2022. Mr. Holton is Managing Partner of FINTOP Capital in St. Louis, Missouri.

- ***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.

- ***Dru Buntin*** – ex-officio member. Mr. Buntin is the Acting 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 Series 2021 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 Series 2021 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 Series 2021 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

The City is a constitutional charter city and a political subdivision of the State of Missouri. The City is the fifth largest city in the State of Missouri, located in Jackson County, Missouri, in the west central portion of the State of Missouri, bordering a portion of the eastern boundary of Kansas City, Missouri. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms.

The City provides sanitary sewer services through the operation of the Sewer System. The operations of the Sewer System are accounted for in the City's financial statements as business-type activities and grouped with the other enterprise funds administered by the City, including the power and light fund, the water fund and the events center fund. The sanitary sewer fund (the **"Sewer Fund"**) accounts for the acquisition, operation, and maintenance of the City's sanitary sewer utility facilities and services. Information concerning the Sewer System is set forth in **Appendix A** attached to and made a part of this Official Statement. Also see **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS,"** below.

Under the terms of a consent decree filed on March 31, 2009, between the United States of America, the United States Environmental Protection Agency ("**EPA**") and the City related to operation of the City's sewer utility, the City agreed to pay a penalty of $255,000 and spend an additional $450,000 on a supplemental environmental project to improve storm water detention and stabilize stream banks. As part of the settlement, the City also agreed to make various improvements to its sanitary sewer system at an estimated cost of $35 million to $39 million. The improvements were completed in 2015. The consent decree also imposed various reporting and other requirements on the City. The consent decree and resulting penalties and requirements for improvements to the City's Sewer System resulted from alleged violations of the Clean Water Act documented by the EPA.

In a related settlement agreement between the Missouri Department of Natural Resources, the Missouri Attorney General and the City, the State of Missouri agreed to issue an operating permit to the City for the City's Rock Creek Wastewater Treatment Facility in exchange for the City agreeing to the timing of certain design, construction and performance timelines for improvement of the facility. The timelines were the same as those established under the consent decree. Costs for plant improvements, including nitrogen removal and disinfection, totaled $24,618,027.

Subsequent to the consent decree and settlement agreement described above, a study for the sewer utility was completed related to comprehensive improvements to the utility, along with a recommended rate increase. The rate increase was approved in June, 2010, by the City Council and was phased in over a 5-year period. The City Council has since approved two further series of rate increases, which occurred in the years 2015 through 2020. Presently, no rate increases are planned over the rates set for 2020, as shown below under the heading **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Available Sewer Revenues; Sewer Rates."** The City Council will continue to evaluate the need for rate increases on an ongoing basis.

The Board, on behalf of the City, has previously issued three series of bonds to provide funds for improvements to the Sewer System, including the Refunded Bonds and the $21,170,000 Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Annual Appropriation Sewer System Revenue Bonds), Series 2014C currently outstanding in the aggregate principal amount of $19,275,000 (the "**Series 2014C Bonds**").

At this point, the City has completed all improvements in the times mandated by the consent decree and settlement agreement. The consent decree was terminated by court order in July of 2016. The City is no longer subject to any reporting or oversight requirements relating to the consent decree or the settlement agreement.

Information concerning the City and the Sewer System is set forth in **Appendix A** attached to and made a part of this Official Statement.

THE SERIES 2021 BONDS

General Description

The Series 2021 Bonds are dated the date of issuance and delivery thereof, are issuable only in the form of fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof, mature on November 1 in the amounts and years shown on the inside cover page of this Official Statement, and bear interest at the rates per annum shown on the inside cover page of this Official Statement, payable on May 1 and November 1 of each year, commencing on May 1, 2022. The principal of the Series 2021 Bonds is payable by check or draft of the Trustee only upon presentation and surrender thereof at the corporate trust office of the Trustee located in Kansas City, Missouri. Interest on the Series 2021 Bonds is payable by check or draft of the Trustee mailed to the person in whose name each Series 2021 Bond is registered on the registration books of the Board maintained by the Trustee on the fifteenth day of the month immediately preceding the applicable interest payment date, or by electronic transfer to any registered owner of $500,000 or more in aggregate principal amount of the Series 2021 Bonds upon written notice given to the Trustee by such registered owner not less than five (5) days prior to the applicable Record Date (with electronic transfer instructions including the bank which must be located in the continental United States, ABA routing number and account name and account number). Purchases of the Series 2021 Bonds will be made in book-entry only form (as described 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. 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 Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 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 Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Series 2021A Bonds

Optional Redemption. The Series 2021A 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 November 1, 20__, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2021A Bonds maturing on November 1, 20__ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each November 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

November 1	Principal Amount

____
*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date, the City may: (i) deliver to the Trustee for cancellation any Series 2021A Bonds of such maturity, in any aggregate principal amount desired; or (ii) furnish the Trustee funds, together with appropriate instructions, for the purpose of purchasing any such Series 2021A Bonds from any registered owner thereof, whereupon the Trustee will expend such funds for such purpose to such extent as may be practical; or (iii) receive a credit with respect to the mandatory redemption obligation of the Board for any such Series 2021A Bonds which prior to such date have been redeemed (other than through the operation of the mandatory sinking fund requirements) and cancelled by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each such Series 2021A Bond so delivered or previously purchased or redeemed will be credited at 100% of the principal amount thereof on the obligation of the Board to redeem such Series 2021A Bonds on such redemption date, and any excess of such amount will be credited on future mandatory redemption obligations for such Series 2021A Bonds in chronological order.

Series 2021B Bonds

Optional Redemption – Make-Whole Redemption. The Series 2021B 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, in whole or in part, on any Business Day, at a redemption price equal to (A) the greater of: (i) the principal amount of the Series 2021B Bonds to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2021B Bonds to be redeemed, not including any portion of those payments consisting of interest accrued and unpaid as of the date such Series 2021B Bonds are to be redeemed, discounted to such date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus ___ basis points; plus (B) accrued and unpaid interest to the date fixed for redemption. The City may retain a verification agent selected in accordance with the terms of the Indenture, an independent accounting firm, or a financial advisor to determine the redemption price and to make all calculations required to make such determination (the entity so selected being the "Calculation Agent"). The Board and the City may conclusively rely on such determination of the redemption price, and neither the City nor the Board will not have any liability for such reliance.

"Treasury Rate" shall mean, with respect to the redemption date fixed for the Series 2021B Bonds to be redeemed, the yield to maturity of United States Treasury securities with a constant maturity most nearly equal to the period from the redemption date to the final maturity date of the Series 2021B Bonds to be redeemed; however, if the period from the redemption date to such maturity date is less than one year, the yield to maturity of the United States Treasury securities with a constant maturity of one year; in each case, as compiled and published in the most recent Federal Reserve Release H.15 which has become publicly available at least two Business Days but not more than 30 calendar days prior to the redemption date (excluding inflation indexed securities) or, if such release is no longer published, any publicly available source of similar market data reasonably selected by the Calculation Agent.

Mandatory Sinking Fund Redemption. The Series 2021B Bonds maturing on November 1, 20__ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each November 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

November 1	**Principal Amount**

____
*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date, the City may: (i) deliver to the Trustee for cancellation any Series 2021B Bonds of such maturity, in any aggregate principal amount desired; or (ii) furnish the Trustee funds, together with appropriate instructions, for the purpose of purchasing any such Series 2021B Bonds from any registered owner thereof, whereupon the Trustee will expend such funds for such purpose to such extent as may be practical; or (iii) receive a credit with respect to the mandatory redemption obligation of the Board for any such Series 2021B Bonds which prior to such date have been redeemed (other than through the operation of the mandatory sinking fund requirements) and cancelled by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each such Series 2021B Bond so delivered or previously purchased or redeemed will be credited at 100% of the principal amount thereof on the obligation of the Board to redeem such Series 2021B Bonds on such redemption date, and any excess of such amount will be credited on future mandatory redemption obligations for such Series 2021B Bonds in chronological order.

Notice of Redemption. Notice of redemption, unless waived, is to be given by the Trustee by mailing an official redemption notice by first class mail at least thirty (30) days prior to the date fixed for redemption, to the Underwriter and each registered owner of each of the Series 2021 Bonds to be redeemed at the address shown on the Register of the Board maintained by the Trustee under the Indenture. Notice of redemption having been given as aforesaid, the Series 2021 Bonds or portions of Series 2021 Bonds to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price therein specified, and from and after such date (unless the Board defaults in the payment of the redemption price) such Series 2021 Bonds or portions of Series 2021 Bond will cease to bear interest.

The failure of any registered owner to receive notice given as described above or any defect in such notice will not invalidate any redemption.

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 of Bonds for Redemption. Series 2021 Bonds shall be redeemed only in the principal amount of $5,000 or any integral multiple thereof. When less than all of the Outstanding Series 2021 Bonds are to be redeemed, such Series 2021 Bonds shall be redeemed from the Stated Maturities selected by the Board, at the direction of the City, and Series 2021 Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in $5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

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 SERIES 2021 BONDS

Source of Payment; Limited Obligation

The Series 2021 Bonds are special, limited obligations of the Board payable solely from, and secured by: (i) a pledge of Loan Payments made by the City pursuant to the Financing Agreement; and (ii) certain other funds held by the Trustee under the Indenture. The Series 2021 Bonds are not an indebtedness of the Board, the State of Missouri, the City 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 State, the City or any other political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2021 Bonds. The issuance of the Series 2021 Bonds shall not, directly, indirectly or contingently, obligate the State, the City 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

The Financing Agreement provides that the City will make Loan Payments to the Board. Loan Payments will be equal to principal of and interest payments on the Series 2021 Bonds. The Loan Payments are subject to annual appropriation by the City Council. The Financing Agreement is a year to year agreement that is automatically renewed if the City appropriates the Loan Payments and Additional Payments. The taxing power of the City is not pledged to the payment of Loan Payments or Additional Payments.

Subject to annual appropriation by the City, payments under the Financing Agreement will be made from and will be secured by a pledge of all revenues of the Sewer System, less amounts necessary (a) to pay the costs of operating, maintaining and repairing the Sewer System, (b) paying the principal and interest on any System Revenue Bonds described herein, and (c) if necessary, replenishing any debt service reserve funds established for any System Revenue Bonds (the "**Available Sewer Revenues**").

System Revenue Bonds include any outstanding bonds of the City payable from a pledge of the revenues of the System. System Revenue Bonds exclude any outstanding bonds payable from a pledge of revenues that is subject to annual appropriation, such as the Series 2021 Bonds and the Series 2014C Bonds. System Revenue Bonds must be approved by a majority of the voters of the City. **The City currently has no System Revenue Bonds Outstanding. There are currently no plans to issue System Revenue Bonds and the City does not have any authorized but unissued System Revenue Bonds.** However, the City may, with the approval of the voters of the City, authorize and issue System Revenue Bonds in the future.

The City does not currently plan to issue bonds of any sort to finance new projects for the Sewer System. However, the City may issue Additional Bonds should the need arise. See the caption **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Additional Bonds"** herein. The Series 2021 Bonds and any Additional Bonds are referred to collectively herein as the **"Bonds."** In addition, the City or the Board may authorize and issue other bonds or annual appropriation obligations payable from Available Sewer Revenues.

The Sewer System is required to pay to the City an amount in lieu of such taxes as are normally placed upon private business enterprises. Such payments are referred to herein as the PILOTS. PILOTS include (1) a charge at the rate of 9.08% on gross revenues of all City utilities, including the Sewer System, and (2) an amount equal to the real property tax that would have been paid in each year by City utilities, including the Sewer System, if such utilities were privately owned. PILOTS charged to the Sewer System are payable from Available Sewer Revenues.

In addition, reasonably allocated amounts for services provided to the Sewer System qualify as "Expenses" (as defined in **Appendix C)** of the Sewer System under the Financing Agreement and the Indenture. The City denotes these payments as "Inter-fund Charges." Such charges are paid to the City's General Fund, Water Fund and Power Light Fund for services provided under the premise that the amounts are a basic cost of business that would be paid to either the City or a third-party service provider.

City Annual Appropriation Obligation

The City's obligations under the Financing Agreement are payable solely from Available Sewer Revenues. The Financing Agreement contains the following provisions with respect to the City's annual appropriation obligation:

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

The City has never failed to appropriate funds with respect to any of its annual appropriation obligations. In the Authorizing Ordinance, the City appropriated sufficient Available Sewer Revenues for the fiscal year ending June 30, 2022 for application to the payment of all Loan Payments and Additional Payments that become due during the fiscal year ending June 30, 2022.

Annual Budget Request. The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each Fiscal Year in which the Financing Agreement shall be in effect, an appropriation from Available Sewer Revenues for all payments required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under the Financing Agreement shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate funds to make Loan Payments and Additional Payments, to pay the Loan Payments and Additional Payments under the Financing Agreement. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained from Available Sewer Revenues. 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 under the Financing Agreement shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, nor shall anything contained in the Financing Agreement constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments under the Financing Agreement shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Financing Agreement nor the issuance of the Series 2021 Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year Loan Payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing in the Financing Agreement shall be construed to limit the rights of the owners of the Series 2021 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.

Other Financing Agreement Covenants

Rate Covenant. The City covenants in the Financing Agreement that, subject to applicable legal requirements, it will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the Sewer System as will produce revenues sufficient to (a) pay the Expenses of the Sewer System; (b) pay Debt Service Requirements; and (c) enable the City to have Net Revenues Available for Debt Service of not less than 110% of the amounts payable pursuant to (b). The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges for the Sewer System in such manner as may be necessary or proper so that revenues of the Sewer System will be sufficient to cover the obligations under the Financing Agreement. If in any Fiscal Year revenues of the Sewer System are, or are projected to be, an amount less than the amounts described above, the City will immediately employ a consultant to make recommendations with respect to such rates and charges. A copy of the consultant's report and recommendations shall be filed with the City's Director of Finance and Administration and the Board. The City shall, to the extent feasible, follow the recommendations of the consultant.

Limitation on Additional Financings. The City covenants in the Financing Agreement that it will not issue any additional bonds or incur any other annual appropriation obligations payable from the Revenues of the Sewer System unless the City delivers to the Trustee (i) a certificate of the City's Director of Finance concluding that, based upon the audited financial statements of the City, the Net Revenues Available for Debt Service for the preceding Fiscal Year were not less than 110% of the maximum annual payments on all Existing Obligations and the additional bonds or annual appropriation obligations proposed to be issued or incurred, or (ii) a report of an independent consultant retained by the City concluding that the projected Net Revenues Available for Debt Service for the first full Fiscal Year following the Fiscal Year in which the project is expected to be placed in commercial operation are projected to be not less than 110% of the maximum annual payments on all Existing Obligations and the additional bonds or annual appropriation obligations proposed to be issued or incurred. The term "Existing Obligations" means Debt Service Requirements on all bonds or annual appropriation obligations payable from the Revenues of the Sewer System.

The City may refund System Revenue Bonds or other annual appropriation obligations payable from the Revenues in a manner which provides present value debt service savings to the City.

The following terms, as used above, have the meanings set forth below. Definitions of other capitalized terms used above or in such definitions, but not otherwise defined, are contained in **Appendix C**.

> **"Debt Service Requirements"** means the total of (i) the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on all System Revenue Bonds, (ii) the Loan Payments and Additional Payments, and (iii) payments associated with any other lease-purchase or other annual appropriation financing obligations payable from Available Sewer Revenues, in each case for the period of time for which calculated; provided, however, that for purposes of calculating such amount, such payments shall be excluded from the determination of Debt Service Requirements to the extent that such payments are payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers.
>
> **"Expenses"** means all reasonable and necessary expenses of operation, maintenance and repair of the Sewer System and keeping the Sewer System in good repair and working order (other than interest paid on System Revenue Bonds and depreciation and amortization charges during the period of determination), determined in accordance with accounting principles generally accepted in the United States of America, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic consultant's reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular fiscal year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the Sewer System, but shall exclude all general administrative expenses of the City not related to the operation of the Sewer System.
>
> **"Net Revenues Available for Debt Service"** means Revenues of the Sewer System, less Expenses of the Sewer System.
>
> **"Revenues"** means all income and revenues derived from the operation of the Sewer System, including investment and rental income, net proceeds from business interruption insurance, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on System Revenue

Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

Debt Service Reserve Fund

The Indenture creates a debt service reserve fund, with a separate account for each series of the Series 2021 Bonds, to be funded in the amount of $__________* with respect to the Series 2021A Bonds at the time of issuance of the Series 2021A Bonds and to be funded in the amount of $__________* with respect to the Series 2021B Bonds at the time of issuance of the Series 2021B Bonds (the initial "**Debt Service Reserve Fund Requirement**" for each series of the Series 2021 Bonds). [The Debt Service Reserve Fund Requirement for the [[Series 2021A Bonds] [and the] [Series 2021B Bonds]] will be satisfied by a [Debt Service Reserve Policy] to be provided by ___________.] However, the Debt Service Reserve Fund Requirement for each series of the Series 2021 Bonds is subject to reduction on any date upon which a portion of the applicable series of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, to an amount equal to the least of (a) 10% of the original principal amount of such series of the Series 2021 Bonds (or, if such series was sold with more than a de minimis amount of original issue discount or premium, the issue price of such series, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (b) the maximum annual principal and interest requirements for such series of the Series 2021 Bonds during any Fiscal Year subsequent to such date, and (c) 125% of the average annual principal and interest requirements for such series of the Series 2021 Bonds during each Fiscal Year subsequent to such date in which such series of the Series 2021 Bonds remains Outstanding, as computed and determined by the City and specified in writing to the Trustee in accordance with the Indenture, provided that no such calculation shall result in an increase to the Debt Service Reserve Fund Requirement for such series over the amount required immediately prior to such calculation, and further provided that no such calculation shall affect the face amount under any Debt Service Reserve Policy.

All amounts paid and credited to the Debt Service Reserve Fund for the account of a series of the Series 2021 Bonds shall be expended and used by the Board solely to prevent any default in the payment of interest on or principal of such series of the Series 2021 Bonds on any Interest Payment Date if the moneys in the Debt Service Fund are insufficient to pay the interest on or principal of said series of the Series 2021 Bonds as they become due. So long as the Debt Service Reserve Fund aggregates the Debt Service Reserve Fund Requirement, no further payments into said Fund shall be required, but (a) if the Board shall ever be required to expend and use a part of the moneys in said Fund for the purpose authorized and such expenditure shall reduce the amount of said Fund below the Debt Service Reserve Fund Requirement, the City shall, after all payments and credits required at the time to be made under the provisions of the ordinances authorizing System Revenue Bonds for operations, maintenance and debt service and replenishing reserves have been made, make twelve substantially equal monthly payments into the Debt Service Reserve Fund beginning the first day of the month subsequent to such expenditure until said Fund shall again aggregate the Debt Service Reserve Fund Requirement for each series of the Series 2021 Bonds, or (b) if the aggregate of cash and the value of investments in the Debt Service Reserve Fund on any valuation date is less than 95% of the Debt Service Reserve Fund Requirement, the City shall, after all payments and credits required at the time to be made under the provisions of the ordinances authorizing System Revenue Bonds for operations, maintenance and debt service and replenishing reserves have been made, make three substantially equal monthly payments into the Debt Service Reserve Fund beginning the first day of the month subsequent to such valuation date until said Fund shall again aggregate the Debt Service Reserve Fund Requirement for each series of the Series 2021 Bonds.

The Debt Service Reserve Fund Requirement for each series of 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 Fund Requirement with respect to a series of the Series 2021 Bonds.

* Preliminary, subject to change.

Additional Bonds

The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds payable from amounts received by the Board from the City pursuant to a Supplemental Financing Agreement for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Board and the City; (2) the Board and the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement; and (3) the Board 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 Bonds and the execution of the Supplemental Financing Agreement. The Series 2021 Bonds and any Additional Bonds are referred to collectively herein as the **"Bonds."**

The Series 2014C Bonds were issued under a separate bond trust indenture from the Series 2021 Bonds, but are also payable from Available Sewer Revenues. The City does not currently plan to issue additional bonds or other obligations to finance new projects for the Sewer System.

Available Sewer Revenues; Sewer Rates

Subsequent to the consent decree and settlement agreement described above, a study for the sewer utility was completed related to comprehensive improvements to the utility, along with a recommended rate increase. The rate increase was approved in June, 2010, by the City Council and was phased in over a 5-year period. The City Council has since approved two further series of rate increases, which occurred in the years 2015 through 2020. Presently, no rate increases are planned over the rates set for 2020, as shown below. The City Council will continue to evaluate the need for rate increases on an ongoing basis.

Current and historic rates charged for the Sewer System are shown below, effective as of July in each of the years shown:

	2017	2018	2018	2020	2021
Base Charge					
Residential	$13.95	$15.30	$16.65	$18.00	$18.00
Commercial (5/8" to ¾" meter)	13.95	15.30	16.65	18.00	18.00
Commercial (1" meter)	17.72	19.43	21.15	22.86	22.86
Commercial (1.5" to 3" meter)	38.22	41.92	45.62	49.32	49.32
Commercial (4" to 6" meter)	161.26	176.87	192.47	208.08	208.08
Regulatory Compliance Charge	12.00	12.00	12.00	12.00	12.00
Volume Charge (per 1,000 gallons)	2.9430	3.3991	3.9260	4.5345	4.5345

Note: The Base Charge and Regulatory Compliance Charge are flat fees charged to each customer on a monthly basis. Commercial rates shown above include industrial users. Special base rates apply to certain classes of commercial and industrial users that place a higher burden on the Sewer System. Volume charges are the same for residential, commercial and industrial customers. Additionally, surcharges are added for customers that emit wastewater of excessive strength in certain contaminant categories. Rates for customers located outside City limits are 1.5 times the rate charged to those located inside City limits, unless overridden by the terms of a specific intergovernmental contract.

Additional rate increases may be necessary during the term of the Series 2021 Bonds to maintain 1.10x debt service coverage from Available Sewer Revenues for the Series 2021 Bonds, Additional Bonds and any other obligations payable from Available Sewer Revenues. The City anticipates that it will commission cost of service studies from time to time during the term of the Series 2021 Bonds to identify necessary improvements to the Sewer System as well as provide information on estimated operating costs, projected usage and recommended rate increases.

The amount and timing of any future rate increases are subject to several factors which the City cannot predict at this time. These include the amount of annual increases in operating costs for the Sewer System, the effect of conservation efforts on the amount of gallons treated by the system, the schedule of completion of capital projects relating to the Sewer System, the impact of environmental regulation on Sewer System operations and miscellaneous other factors. In addition, any such rate increases will be subject to approval by the City Council of the City. As a result, potential investors should not rely on the fact that future sewer rate increases will be implemented by the City.

As described herein, the City's use of Available Sewer Revenues is subject to annual appropriation by the City Council of the City.

The City's 2021-2022 Operating Budget

The following information describing the actual and anticipated results of operations from the City's Sewer Fund is contained in the City's 2021-2022 Operating Budget approved by the City Council on June 21, 2021, provided by city staff as unaudited results of operations from Fiscal Year 2020-2021, or calculated based on such sources, as noted in the footnotes following the table. The 2021-2022 Operating Budget anticipates an excess of expenditures over revenues for Fiscal Year 2021-2022 of $400,275, resulting in a reduction in ending available resources for the Sewer Fund in an equal amount. The budget message explains that deficit budgeting for Fiscal Year 2021-2022 is part of a continued response to the effects of COVID-19.

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Sewer Fund: Comparison of Revenues, Expenditures and Change in Available Resources

	2019-20 Actual [(1)]	*2020-21 Adopted Budget* [(1)]	*2020-21 Actual* [(2)]	*2021-22 Adopted Budget* [(1)]
Revenues				
Charges for Services	$33,177,400	$33,393,893	$36,038,489	$35,151,285
Penalties	176,675	200,000	126,319	300,000
Investment Income	631,140	51,000	292,141	104,000
Other	94,029	-	14,701	7,820
Total	34,079,244	33,644,893	36,471,650	35,563,105
Transfers in	10,000	10,000	10,000	10,000
Total Revenues	**$34,089,244**	**$33,654,893**	**$36,481,650**	**$35,573,105**
Expenditures				
Salary & Benefits	$5,422,286	$5,657,131	$5,189,663	$6,302,780
Retiree Health Insurance	383,535	211,164	312,377	370,000
Operating Expenses	11,685,570	13,737,238	12,731,995	15,066,155
Equipment	232,871	926,000	835,760	424,500
Operating Expenditures	17,724,262	20,531,533	19,069,795	22,163,435
Capital Improvements	5,733,720	5,330,000	1,278,787	3,925,000
Debt Service	6,273,040	6,290,632	6,272,220	6,288,332
Contingencies	-	30,000	-	-
Transfers Out	3,363,804	3,596,612	3,532,360	3,596,612
Total Expenditures	**$33,094,826**	**$35,778,777**	**$30,153,162**	**$35,973,379**
Excess Revenues Over (Under) Expenditures	**$994,418**	**$(2,123,884)**	**$6,328,488**	**$(400,275)**
Beginning Available Resources [(3)]			**$22,638,784**	**$29,144,097**
Cancellation of Prior Year Encumbrances			**176,825**	**-**
Ending Available Resources [(3)]			**$29,144,097**	**$28,743,822**

[(1)] Source: The City's 2021-2022 Operating Budget; presented on a budgetary basis which does not account for non-cash expenses such as depreciation.
[(2)] Source: Unaudited numbers provided by City Staff on a budgetary basis.
[(3)] Source: Calculations based on the City's 2021-2022 Operating Budget and unaudited numbers provided by City Staff on a cash basis.

Two significant events affected the Sewer Fund in Fiscal Years 2020 and 2021, the emergence and ongoing effects of COVID-19 and a cyber attack on the City's data systems. See **"BONDOWNERS' RISKS – Effects of COVID-19"** and **"– Cybersecurity Risks"** for discussion of these events in greater detail. Each event had an effect on the City's ability to collect sewer billings and limited the ability of the City to use utility shutoffs to enforce payment.

External Review of Sewer System Asset Valuation

The City has internal procedures to annually adjust the value of Sewer System assets through a review of asset lists by treatment plant and sewer maintenance supervisors. The supervisors are responsible for updating the asset lists by noting any additions and striking any retired items. The City has not historically engaged an outside consultant to participate in this process on a regular basis. This year, however, the City engaged Duff & Phelps, a Kroll Business, consultants in the area of valuation services, to conduct property insurance appraisal services and financial inventory services for Sewer System, including valuation services covering infrastructure assets to help reconcile activity and financial activity for existing and retired assets during an on-site appraisal and project analysis. These services are mostly complete with the exception of review, comment and completion of the final report. *The result of this process could be a significant decrease in the value of capital assets shown in the City's audited financial statements for the "Sanitary Sewer" fund going forward compared to what is shown in the City's audited financial statements for the Fiscal Year ended June 30, 2020 included in* ***Appendix B****, as adjustments are made based on the Duff & Phelps valuation.*

Cash Reserve Policy

During Fiscal Year 2021, the City Council of the City adopted a cash reserve policy (the "Sewer System Cash Reserve Policy") with the stated purpose of helping to ensure financial stability, timely completion of capital improvements and preparation for large unexpected expenditures. The Sewer System Cash Reserve Policy is implemented by starting with an examination of historical Sewer System revenue and expense data and other market information. The policy framework then applies this historical information to determine the financial and operational risks facing the utility through an analysis of the variability in revenues and expenses. Also included in the Sewer System Cash Reserve Policy is a recommended level of days cash for working capital as well as an amount to address capital expenses. A bandwidth around this target is applied to establish a range for financial execution. The recommended target and bandwidth are approved by the City Council and the City Council can elect to adjust the target periodically. The initial recommended level is of cash reserves was $16,500,000. The Sewer System currently has $16,550,000 in cash reserves in compliance with the Sewer System Cash Reserve Policy.

The level of cash reserves established by the Sewer System Cash Reserve Policy on an ongoing basis is calculated using a number of risk factors and reserve standards, as follows:

Type of Risk or Reserve	Recommended Cash Reserves
Revenue Risk – General Sales Decrease	7.0% of fixed costs over a 12 month period
Revenue Risk – Loss of Top Customer or Loss of Volume due to Conservation	3.1% of fixed costs over a 12 month period
Revenue Risk – Loss of Interest Income	1.0% of interest income from short-term investments over a 12-month period
Expense Risk – Increased Costs of Treatment and Disposal	3.0% of assumed variance of increase over a 12 month period
Expense Risk – Other Operating Expenses	1.0% of assumed variance of increase over a 12-month period
Working Capital Reserve	90 days working capital
Capital Reserve	Up to the amount of average annual depreciation

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 City with respect to the Financing Agreement. The discussion is not, and is not intended to be, exhaustive 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 all the information contained in this Official Statement, including the Appendices, and additional information in the form of the complete documents summarized herein and in Appendix C, copies of which are available as described herein.

General

The principal of, premium, if any, and interest on the Series 2021 Bonds are payable by the Board solely and only from, and secured by: (i) an assignment and a pledge of Loan Payments made by the City pursuant to the Financing Agreement between the Board the City; and (ii) certain other funds held by the Trustee under the Indenture. Payments under the Financing Agreement are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of, premium, if any, and interest on the Series 2021 Bonds.

The Series 2021 Bonds are not an indebtedness of City, the State of Missouri or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State of Missouri. Neither the full faith and credit nor the taxing powers of the City, the State or any other political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2021 Bonds. The issuance of the Series 2021 Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power.

Payment of the principal of and interest on the Series 2021 Bonds is not secured by any deed of trust, mortgage or other lien on any portion of the Sewer System, or any other facilities or property of the City. Except as provided herein, the Series 2021 Bonds are payable solely from annual appropriation by the City and other money held by the Trustee.

The City expects to make Loan Payments and Additional Payments, subject to annual appropriation, from the Available Sewer Revenues. Although the City has covenanted to maintain a debt service coverage ratio with respect to the revenues of the Sewer System as described under **"SECURITY FOR THE SERIES 2021 BONDS,"** there can be no assurance that the City will be able to generate sufficient Available Sewer Revenues to pay the Loan Payments and Additional Payments under the Financing Agreement.

The likelihood that the City will be able to generate sufficient net revenues from the Sewer System to pay the Loan Payments and Additional Payments throughout the term of the Series 2021 Bonds is dependent upon certain factors which are beyond the control of the City, including (a) the demographic conditions within the City, (b) the ability of the City to generate sufficient revenues of the Sewer System and control the expenses of the Sewer System in connection with the provision of services, and (c) new legislation, regulations or judicial interpretations affecting utilities such as the Sewer System.

IF THE CITY FAILS TO APPROPRIATE AMOUNTS SUFFICIENT TO PAY THE LOAN PAYMENTS IN ANY FISCAL YEAR, OTHER THAN MONEYS WHICH MAY THEN BE ON DEPOSIT IN THE DEBT SERVICE RESERVE FUND, NO OTHER FUNDS WILL BE AVAILABLE TO PAY SUCH PRINCIPAL AND INTEREST.

The sewer utility industry has been, and in the future will be, affected by a number of factors which will have an impact on the business, affairs and financial condition of both public and private sewer utilities. Sewer utilities are also subject to increasing federal, state and local statutory and regulatory requirements with respect to the siting and licensing of facilities, safety and security, air and water quality, land use and other environmental factors.

The City cannot predict what effects these factors will have on the business, operations and financial condition of the City, but the effects could be significant.

Risks Related to the Operation of the Sewer System

General Regulatory Matters. The Sewer System operates in a highly regulated industry. The City's officers, employees and agents are required to conduct operations, keep records, file reports and otherwise comply with applicable, federal, state and local laws and federal, state and local governmental agencies. Non-compliance with any of such laws, rules and regulations, including without limitation environmental and public health requirements, can result in penalties, fines, income interruptions, cessation or curtailment of operations. In the event of such non-compliance, the City's ability to continue operations or to generate the amount of revenue projected could be materially adversely affected.

Environmental Regulation. Utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations, or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of facilities not in compliance. Legislative, regulatory, administrative or enforcement action involving environmental controls could adversely affect the operations of the facilities of the Sewer System. For example, if property of the Sewer System is determined to be contaminated by hazardous materials, the City could be liable for significant clean-up costs even if it was not responsible for the contamination.

Utility Rates. The City may have restraints on its ability to set rates for its Sewer System at levels sufficient to provide net revenues for the payment of the Series 2021 Bonds. Rates for the Sewer System must be set and maintained at levels that will attract and retain residential and commercial customers. The City currently projects that additional rate increases will likely be necessary during the term of the Series 2021 Bonds and projected Additional Bonds to maintain 1.10x debt service coverage from Available Sewer Revenues for the Series 2021 Bonds, Additional Bonds and any other obligations payable from Available Sewer Revenues. The amount and timing of any future rate increases are subject to several factors which the City cannot predict at this time, which include the amount of annual increases in operating costs for the Sewer System, the effect of conservation efforts on the amount of gallons treated by the system, the schedule of completion of the Project and other upgrades to the Sewer System, the impact of environmental regulation on sewer system operations and miscellaneous other factors. In addition, any such rate increases will be subject to approval by the City Council of the City. As a result, potential investors should <u>not</u> rely on the fact that future sewer rate increases will be implemented by the City.

Management. Changes in key management personnel of the City or the Water Pollution Control Department (the "**Department**") may affect the operations of the Sewer System.

Competition from Other Service Providers. Missouri law does not prohibit other providers of sewer services from operating within the boundaries of the City. However, for-profit providers of sewer services are subject to regulation by the Missouri Public Service Commission (the "**PSC**"), and are limited to operations within certificated service areas. There can be no assurance that, at some time in the future, the PSC will not permit such competition. Competition within the City's boundaries could adversely affect the ability of the City to impose rates or otherwise generate revenues at a level sufficient to meet the obligations of the Sewer System from Available Sewer Revenues.

Future Economic Conditions. Increased unemployment or other adverse economic conditions or changes in demographics in the service area of the Sewer System; cost and availability of energy; an inability to control expenses in periods of inflation and difficulties in increasing charges may affect the revenues of the Sewer System.

Natural Disasters. The occurrence of natural disasters, such as floods, droughts, tornadoes or earthquakes, could damage the facilities of the Sewer System, affect water supply, interrupt services or otherwise impair operations and the ability of the Sewer System to produce revenues.

Miscellaneous Factors. The utility industry in general has experienced, and may in the future experience, problems including (a) the effects of inflation upon the cost of operation of facilities, (b) uncertainties in predicting future demand requirements, (c) increased financing requirements coupled with the increased cost and uncertain availability of capital, and (d) compliance with rapidly changing environmental, safety, rate and licensing regulations and requirements.

If Sewer System revenues are not sufficient to provide for the payment of the costs of operating the Sewer System, including the payment of principal of and interest on System Revenue Bonds and annual appropriation obligations such as the Series 2021 Bonds, default in the payment of the Series 2021 Bonds could occur.

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 has been broad based and has negatively impacted national, state and local economies. The federal government declared a "national emergency," the State declared a state of emergency and issued a temporary stay-at-home order, and Jackson County, Missouri, the County in which the City is located, issued a temporary stay-at-home order in the spring of 2020. The stay-at-home orders have since expired. Despite the expiration of such orders, cities and counties have the ability, and continue, to impose local public health orders restricting economic activities within the State.

During parts of 2020 and 2021, the City has been subject to executive orders requiring social distancing and reopening plans at the state and county level. 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 heath 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, and which were updated on February 20, 2021. On May 14, 2021, all social distancing capacity restrictions in the City were lifted. Private and public businesses, places of worship, and schools may still require masks, social distancing, and other restrictions at their discretion.

The COVID-19 response had a negative effect on the City's ability to collect sewer billings and limited the ability of the City to use utility shutoffs to enforce payment. Service shutoffs were suspended from March 13, 2020 through July 15, 2020, from August 20, 2020 through November 1, 2020, and from December 7, 2020 through May 1, 2021. Revenue collection lagged as a result, but past due balances ended lower in Fiscal Year 2021 than in Fiscal Year 2020, showing improvement in collections. As part of the application of funds received by the City under the federal Coronavirus Aid, Relief, and Economic Security Act or "CARES Act," the City designated $2.2 million for utility assistance relief in Fiscal Year 2021. The funds were channeled through the Community Services League, via grants, and used to pay past due utility bills due to the City's utilities, a portion of which went to sewer payments. As shown above under the table entitled **"*Sewer Fund: Comparison of Revenues, Expenditures and Change in Available Resources*,"** COVID-19 did not negatively affect the revenues of the Sewer System to the extent anticipated by the City's budget for Fiscal Year 2021.

A resurgence of COVID-19 in the City or the State may worsen the adverse effects on the City and the revenues of the Sewer System due to the economic ramifications of mandatory business and other closures. 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.

A new strain of coronavirus, referred to as the "Delta Variant," a highly contagious and possibly more severe strain, which was first identified in India in December of 2020, is now causing concern in the United States. The first Delta Variant case in the United States was diagnosed in March of 2021 and Delta Variant is now the dominant strain in the United States. The effectiveness of existing vaccines has not yet been fully determined with respect to the Delta Variant.

On July 28, 2021, the City issued a public health order (1) encouraging all residents to wear masks while indoors and to avoid large groups or other crowd-based activities, (2) encouraging businesses to require masks of their employees and guests when indoors and to promote vaccination among their staff, and (3) stating that masks will be required in all City facilities, with exceptions for certain individuals. On August 3, 2021, the City announced that it had rescinded the public health order and would operate under a public health advisory, which strongly encourages masks in all indoor spaces, regardless of vaccination status. Under the public health advisory, masks are not required but strongly encouraged at all City facilities including City Hall, Police Headquarters, Independence Utility Center, Sermon Center, Truman Memorial Building, Palmer Center, Independence Uptown Market, and the Cable Dahmer Arena (the "Events Center"). The City Council continues to review the City's advisory statements and restrictions every 30 days.

See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The City's 2021-2022 Operating Budget,"** for information relating to the effects on the results of operations of the Sewer Fund.

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 Sewer System 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 Available Sewer Revenues or the overall financial condition of the Sewer System or the City.

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 defendants filed a motion for summary judgement denying the petition and, on July 23, 2021, the court granted a motion for extension of time for the plaintiffs to respond to such summary judgment motion, setting the deadline for such response at September 24, 2021. The City does not believe the ultimate resolution of the Titan Fish Lawsuit will have a material adverse effect on the Available Sewer Revenues or the overall financial condition of the Sewer System or the City.

Barry Jones Lawsuit

In December of 2018, Barry Jones, an individual customer of Independence Power & Light, brought suit (the "**Barry Jones Lawsuit**") against the City, Independence Power & Light, the Acting Director of Independence Power & Light and three companies that provided computer software to Independence Power & Light, seeking to certify a class for a class action lawsuit and alleging that Independence Power & Light had overcharged its customers on their electric utility bills by overstating the amount of electricity consumed. The allegations included violation of the Missouri Merchandising Practices Act, conversion by wrongfully taking money, unjust enrichment, fraudulent misrepresentation, negligent misrepresentation, breach of contract, and negligence *per se*. In February of 2019, the plaintiff filed a first amended petition adding two named plaintiffs to represent classes of for-profit and non-profit customers, in addition to the class of individual persons represented by Barry Jones. In April of 2021, the plaintiffs filed a motion for leave to file a second amended petition in order to (1) add three additional defendants, including the Mayor, the City Council itself, and the City's Public Utilities Advisory Board, and (2) plead an additional nine causes of action, including additional claims of unjust enrichment, breach of contract, fraud, breach of fiduciary duty, negligence, civil conspiracy, negligence *per se*, substantial assistance and encouragement in the commission of a tort, and substantial assistance and encouragement in the commission of a tort. The proposed second amended petition adds the allegation that the 9.08% payment in lieu of tax charged by the City on gross receipts of Independence Power & Light violates Section 3.17 of the City's charter, which provides that "[t]he electric utility shall not be operated for the benefit of other municipal functions, and shall not be used directly or indirectly as a general revenue producing agency for the city, but it may pay to the city an amount in lieu of such taxes as are normally placed upon private business enterprises" and that "[a]fter providing for depreciation accruals and amortization of bonds, and for reasonable accumulation of surplus, the electric utility shall apply all annual profits to rate reductions."

The City does not believe the ultimate resolution of the Barry Jones Lawsuit will have a material adverse effect on the Available Sewer Revenues or the overall financial condition of the Sewer System or the City.

Additional Bonds

Although the City does not currently anticipate the issuance of Additional Bonds or other obligations to finance new projects for the Sewer System, the City may issue Additional Bonds or other obligations payable from Available Sewer Revenues if such need should arise, as described herein.

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 sent notices to customers cautioning them that information may have been subject to the attack. To date, no lawsuits have been filed against the City as a result of the attack. The City has since completed its program of upgrades to provide increased protection against cyber-attacks.

Due to the attack, very few sewer billings were completed in December of 2020. Customers were billed for two months of service in January of 2021. Due to this, the Regulatory Compliance Charge component of the sewer rate was not collected for December of 2020. This resulted in a loss of approximately $550,000 in revenue for Fiscal Year 2021. Service shutoffs from December 7, 2020 through May 1, 2021 were originally implemented due to the attack but were extended as part of the COVID-19 response. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The City's 2021-2022 Operating Budget,"** for information relating to the effects on the results of operations of the Sewer Fund.

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.

Loss of Premium Upon Early Redemption

Purchasers of the maturities of the Series 2021 Bonds sold at a price in excess of their principal amount should consider the fact that the Series 2021 Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See "**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 each series of the Series 2021 Bonds, and deposits will be made to such accounts in the amounts described under the heading **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Debt Service Reserve Fund"** as the initial Debt Service Reserve Fund Requirement for each series, which deposits may be satisfied by a Debt Service Reserve Policy for either series. However, the Debt Service Reserve Fund Requirement for each series of the Series 2021 Bonds is subject to reduction on any date upon which a portion of such series of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, to an amount equal to the least of (a) 10% of the original principal amount of such series of the Series 2021 Bonds (or, if such series was sold with more than a de minimis amount of original issue discount or premium, the issue price of such series, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (b) the maximum annual principal and interest requirements for such series of the Series 2021 Bonds during any Fiscal Year subsequent to such date, and (c) 125% of the average annual principal and interest requirements for such series of the Series 2021 Bonds during each Fiscal Year subsequent to such date in which such series of the Series 2021 Bonds remains Outstanding, as computed and determined by the City and specified in writing to the Trustee in accordance with the Indenture, provided that no such calculation shall result in an increase to the Debt Service Reserve Fund Requirement for such series over the amount required immediately prior to such calculation, and further provided that no such calculation shall affect the insured amount under any Debt Service Reserve Policy.

There can be no assurance that the amounts on deposit in the Debt Service Reserve Fund will be available if needed for payment of the Series 2021 Bonds in the full amount of the Debt Service Reserve Fund Requirement because (1) of fluctuations in the market value of the securities deposited therein (see the definition of "Permitted Investments" in **Appendix C** hereto for a description of the types of securities that may be purchased with amounts on deposit in the Debt Service Reserve Fund) 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 Fund Requirement.

The Debt Service Reserve Fund Requirement for each series of 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 Fund Requirement with respect to a series of the Series 2021 Bonds.

Enforcement of Remedies

The enforcement of the remedies related to the Series 2021 Bonds, the Indenture and the Financing Agreement may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the delivery of the 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 the Documents

Certain amendments to the Indenture and the Financing Agreement may be made without the consent of or notice to the registered owners of the Series 2021 Bonds. Such amendments may adversely affect the security for the Series 2021 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 Series 2021 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 Series 2021 Bonds prior to certain amendments of these documents.

Determination of Taxability

The Series 2021A Bonds are not subject to redemption, nor are the interest rates on the Series 2021A 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 2021A Bond is or was includible in the gross income of the owner of a Series 2021A 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. ***It may be that Bondowners would continue to hold their Series 2021A Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.***

Likewise, the Indenture does not require the redemption of the Series 2021 Bonds (the Series 2021A Bonds or the Series 2021B 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 Series 2021 Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for Missouri 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 2021A Bonds. Owners of the Series 2021A Bonds are advised that, if an audit of the Series 2021A 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 2021A 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 2021A Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Lack of Secondary Market for the Series 2021 Bonds

There is no assurance that a secondary market will develop for the purchase and sale of the Series 2021 Bonds. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Defeasance Risks

Series 2021 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 Series 2021 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 Series 2021 Bonds, as and when the same become due and payable; (b) by delivering such Series 2021 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 Series 2021 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 Series 2021 Bonds to the maturity or redemption date thereof); provided that, if any such Series 2021 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.

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 available to the City for such purpose, 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 two series of 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:

Series 2012B Refunded Bonds

Maturity Date	Principal Outstanding	Interest Rate	Principal Refunded	CUSIP Number	Redemption Price	Redemption Date
11/1/21	$940,000	3.000%	$940,000	60636C 6Q7	n/a(1)	11/1/21 (2)
11/1/27	6,405,000	3.625	6,405,000	60636C 6R5	100%	11/1/21
11/1/32	6,580,000	4.000	6,580,000	60636C 6S3	100%	11/1/21
11/1/41	16,505,000	5.000	16,505,000	60636C 6T1	100%	11/1/21

Series 2013C Refunded Bonds

Maturity Date	Principal Outstanding	Interest Rate	Principal Refunded	CUSIP Number	Redemption Price	Redemption Date
11/1/21	$1,025,000	4.000%	$1,025,000	60636S CL6	n/a(1)	11/1/21 (2)
11/1/22	1,065,000	4.000	1,065,000	60636S CM4	n/a(1)	11/1/22 (2)
11/1/23	1,115,000	5.000	1,115,000	60636S CN2	n/a(1)	11/1/23 (2)
11/1/28	6,390,000	4.375	6,390,000	60636S CP7	100%	11/1/23
11/1/33	8,075,000	5.000	8,075,000	60636S CQ5	100%	11/1/23
11/1/42	20,995,000	5.250	20,995,000	60636S CR3	100%	11/1/23

(1) The Series 2012B Refunded Bonds maturing prior to November 1, 2022 and the Series 2013C Refunded Bonds maturing prior to November 1, 2024 are not callable and will be paid from the Escrow Fund as they mature.
(2) The "Redemption Date" shown for non-callable bonds is the maturity date of such bonds on which such bonds will be paid from the Escrow Fund.

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Sources and Uses of the Proceeds of the Series 2021 Bonds

The proceeds from the sale of the Series 2021 Bonds are estimated to be applied as follows:

Sources of Funds:	Series 2021A	Series 2021B	Total
Principal amount	$	$	$
Reoffering Premium (Discount)			
City Contribution			
Prior Debt Service Reserve Fund			
Total sources of funds			

Uses of Funds:	Series 2021A	Series 2021B	Total
Deposit to the Escrow Fund			
Debt Service Reserve Fund			
[Policy Premium]			
Costs of Issuance†			
Total uses of funds			

† Costs of Issuance include underwriter's discount.

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 Regarding the Series 2021A Bonds

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

Federal and Missouri Tax Exemption. The interest on the Series 2021A 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 2021A Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

No Bank Qualification. The Series 2021A 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 2021A 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 2021A 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 2021A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021A Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2021A Bonds but has reviewed the discussion under the heading "**TAX MATTERS**."

Other Tax Consequences to Owners of the Series 2021A Bonds

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 2021A Bond over its issue price. The issue price of a Series 2021A Bond is the first price at which a substantial amount of the Series 2021A 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 2021A Bond during any accrual period generally equals (1) the issue price of that Series 2021A Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2021A 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 2021A 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 2021A Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Series 2021A Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2021A Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Series 2021A Bond. Under Section 171 of the Code, the purchaser of that Series 2021A Bond must amortize the premium over the term of the Series 2021A Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2021A 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 2021A 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.

Federal Income Tax Consequences to Owners of the Series 2021B Bonds

Series 2021B Bonds. Interest on the Series 2021B Bonds is <u>includable</u> in gross income for federal income tax purposes in accordance with the owner's normal method of accounting.

No Opinion. Bond Counsel is not rendering any opinion to owners of the Series 2021B Bonds regarding the treatment of interest on the Series 2021B Bonds for federal income tax purposes. Purchasers of Series 2021B Bonds should consult their tax advisors in determining the federal income tax consequences to them of the purchase, ownership, and disposition of a Series 2021B Bond, as well as any tax consequences arising under the laws of a state or other taxing jurisdiction.

Opinion of Bond Counsel Regarding the Series 2021B Bonds

State of Missouri Tax Exemption. In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Series 2021B Bonds, the interest on the Series 2021B Bonds is exempt from income taxation by the State of Missouri.

Other Tax Consequences to Owners of the Series 2021B Bonds

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2021B Bond over its issue price. The stated redemption price at maturity of a Series 2021B Bond is the sum of all payments on the Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2021B Bond is the first price at which a substantial amount of the Series 2021B Bonds of that maturity have been sold to the public. If the original issue discount on a Series 2021B Bond is more than a de minimis amount (generally ¼ of 1% of the stated redemption price at maturity of the Series 2021B Bond multiplied by either (a) the number of complete years to the maturity date of the Series 2021B Bond, or (b) the weighted average maturity of the Series 2021B Bond, in the case of a Series 2021B Bond providing for the mandatory, or in certain cases optional, payment prior to its maturity date), then that Series 2021B Bond will be treated as issued with original issue discount. The amount of original issue discount that accrues to an owner of a Series 2021B Bond during any accrual period generally equals (1) the issue price of that Series 2021B Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2021B 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 2021B Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be included in gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2021B Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2021B Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2021B Bond is the sum of all payments on the Series 2021B Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2021B Bond is generally the first price at which a substantial amount of the Series 2021B Bonds of that maturity have been sold to the public. Under Section 171 of the Code, the owner of a Series 2021B Bond having bond premium may elect to amortize the premium over the term of the Series 2021B Bond using constant yield principles, based on the purchaser's yield to maturity. An owner of a Series 2021B Bond amortizes bond premium by offsetting the qualified stated interest allocable to an accrual period with the bond premium allocable to that accrual period. This offset occurs when the owner takes the qualified stated interest into income under the owner's regular method of accounting. If the premium allocable to an accrual period exceeds the qualified stated interest for that period, the excess is treated by the owner as a deduction under Section 171(a)(1) of the Code. As premium is amortized, the owner's basis in the Series 2021B Bond will be reduced by the amount of amortizable bond premium properly allocable to the owner. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Other Federal Income Tax Consequences to Owners of All Series 2021 Bonds

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.

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.

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 Lauber Municipal Law, LLC, Lee's Summit, Missouri, serving as the City Counselor of the City. Certain legal matters will be passed upon for the Underwriter by its counsel, FisherBroyles, 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.

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 Board 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 as described herein, 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.

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 S&P, 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.

The City has furnished the rating agency with certain information and materials relating to the Series 2021 Bonds and the City that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies.

Neither the City, the Board nor the Underwriter has undertaken any responsibility to bring to the attention of the Owners of the Series 2021 Bonds any proposed revision or withdrawal of a rating of the Series 2021 Bonds or to oppose any such proposed revision or withdrawal, except that the City has agreed in the Continuing Disclosure Undertaking to inform Owners of any such revision to the rating as set forth in the Continuing Disclosure Undertaking. Any downward revision or withdrawal of the rating may have an adverse effect on the market price and marketability of the Series 2021 Bonds.

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 G**. 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 "**ECONOMIC 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, 2016 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 issued by the Board for the benefit of the City (certain of which are 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 initially properly linked to all CUSIP numbers for the Series 2013A Bonds and Series 2014C Bonds issued by the Board for the benefit of the City (certain of which are 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 issued by the Board for the benefit of the City (certain of which are described in **Appendix A** hereto); however, this information was not timely 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, with the assistance of Gilmore & Bell, P.C. whom the City has since engaged to assist the City with ongoing continuing disclosure obligations as further discussed below, 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. Notwithstanding the foregoing, the City has posted notice of such rating changes in March of 2021.

To the extent that the above-referenced failures to comply could be remedied, the City has made the corrective filings with EMMA and corrected linking to all respective CUSIP numbers. Similarly, while the City has not always timely filed applicable notices of failures to file, the City has ensured all such filings have been made.

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."**

For Fiscal Year 2020, 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 23, 2020, and filed its audited financial statements when they became available on January 6, 2021.

In order to promote future compliance with its continuing disclosure undertakings, the City engaged Gilmore & Bell, P.C., to assist the City in better meeting its continuing disclosure obligations. 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 the spring of 2021, 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. The City believes the actions described in this paragraph establish processes sufficient to ensure that in the future it will make its continuing disclosure filings as required.

UNDERWRITING

The Series 2021 Bonds are being purchased by Morgan Stanley & Co. LLC (the "**Underwriter**"). The purchase contract for the Series 2021 Bonds (the "**Bond Purchase Agreement**") sets forth the obligation of the Underwriter to purchase the Series 2021A Bonds at a price equal to $__________ (which reflects the par amount of the Series 2021A Bonds plus/less original issue premium/discount of $__________ and less an underwriting discount of $__________) and to purchase the Series 2021B Bonds at a price equal to $__________ (which reflects the par amount of the Series 2021B Bonds plus/less original issue premium/discount of $__________ and less an underwriting discount of $__________). The Underwriter's obligation to purchase the Series 2021 Bonds is subject to certain terms and conditions, including, without limitation, the approval of certain legal matters by counsel. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2021 Bonds if any are purchased. The Underwriter may offer and sell the Series 2021 Bonds to certain dealers (including dealers depositing the Series 2021 Bonds into investment trusts) and others at prices different from the public offering prices stated on the inside cover page of this Official Statement. The public offering prices may be changed from time to time at the discretion of the Underwriter.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities , which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Board or the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities , the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Board or the City.

The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Morgan Stanley & Co. LLC, Underwriter of the Series 2021 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC . As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2021 Bonds.

MUNICIPAL ADVISOR

PFM Financial 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 Escrow Fund to pay the redemption price of the Refunded Bonds. Such verification of the accuracy of the computations will be based upon information supplied by the Underwriter.

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.

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.

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

CITY OF INDEPENDENCE, MISSOURI

By:____
City Manager

APPENDIX A

INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI AND THE SEWER SYSTEM

APPENDIX A

INFORMATION CONCERNING
THE CITY OF INDEPENDENCE, MISSOURI
AND THE SEWER SYSTEM

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THE CITY OF INDEPENDENCE, MISSOURI

Organization

Incorporated in 1849, the City is the county seat of Jackson County, Missouri. The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the voters in December 1961.

Location and Size

The City is the fifth largest city in the State of Missouri, located in the west central portion of the State, bordering a portion of the eastern boundary of Kansas City, Missouri, and encompasses approximately 78 square miles.

Population

Year	City	Jackson County
1970	111,630	654,178
1980	111,797	629,266
1990	112,301	633,232
2000	113,288	654,880
2010	121,212	671,057
2019*	116,673	703,011

Sources: U.S. Census Bureau.
* American Community Survey 2019 one-year estimates.

Government

The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four year terms and, in alternating elections, the four district council members are elected to four year terms.

The present Mayor and members of the City Council, their occupations and terms are listed below:

Council Members	Occupation	District	Expiration of Term
Eileen Weir, Mayor	Public Relations	n/a	2022
John Perkins	Meat Cutter	District 1	2024
Brice Stewart	Information Technology	District 2	2024
Mike Steinmeyer	Real Estate	District 3	2024
Daniel Hobart	Attorney	District 4	2024
Mike Huff	Retired	At-Large	2022
Karen DeLuccie	Attorney	At-Large	2022

The City Council appoints a City Manager who is the chief executive and administrative officer of the City. Zachary Walker serves as the City Manager, and was appointed to that position in October 2016. The Director of Finance and Administration, who is appointed by the City Manager, acts as the chief financial officer of the City. Bryan Kidney serves as the Director of Finance and Administration and was appointed to the position in September 2018. The City Manager appoints the City Counselor who acts as the chief legal advisor to the City.

Shannon Marcano served as the City Counselor from October 2018 until mid-February of 2021. Her contract from 2018 expired by its terms at the end of February 2021. The City decided not to extend her contract. Mitchell Langford, who has served as the City Prosecutor for 19 years, served as interim City Counselor from the time of Shannon's departure through July of 2021. After distributing a request for proposals for an outside law firm to serve as City Counselor, the City hired Jeremiah Cover, a partner of Lauber Municipal Law, LLC, as City Counselor on a contract basis.

Municipal Utilities and Services

The City provides electric, water and sewer service to all residents through City-owned, revenue producing utilities. The Public Utilities Advisory Board is a seven member advisory board created by the City Charter and appointed by the Council and is vested with the power to inspect all public utilities owned and operated by the City and all public utilities operating under franchises or permits granted by the City. Natural gas is provided to residents by a privately-owned utility, Spire Inc. Fire and police protection is also provided by the City.

Transportation and Communication Facilities

The City borders a portion of the eastern boundary of Kansas City, Missouri and is accessed from Interstates 435 and 70, with Interstate 470 and Highway 291 running north and south through the center of the City. Lee's Summit Airport is owned and operated by the City of Lee's Summit and is suitable for light airplanes and executive aircraft approximately 10 minutes south of the City of Independence. The airport has three runways. Kansas City International Airport is approximately 40 miles northwest of the City.

A daily newspaper, *The Examiner,* with a circulation of approximately 11,035 is published in the City. Spectrum, AT&T and Xfinity provide telephone and local cable services within the City and are among several providers of internet service to residents of the City. Broadband internet service is available in portions of the City.

Medical and Health Facilities

The City offers a comprehensive range of health care facilities, both within the city limits and in the immediate surrounding areas. The City has one hospital with approximately 285 beds. Specialty services include a Level II Trauma Center with 24/7 emergency services, an accredited chest pain center, a certified advanced heart failure center and a certified primary stroke center. The emergency center employs a rapid care program specifically designed to ensure patients efficiently move through the emergency center with greater privacy and comfort. Other specialties include bariatric surgery, cardiology, emergency care, labor and delivery, neurological care, oncology, orthopedic care, physical therapy and rehabilitation, spine care, surgery, and women's care. Additionally, residents of the City have access to a long list of medical facilities and hospitals in the Kansas City Metropolitan area.

Recreational and Religious Facilities

The City is home to the Harry S. Truman Library and Museum and provides many historic attractions. The City park system consists of over 850 acres among over 48 different parks and greenspaces that include opportunities to picnic with playgrounds for the children, walking trails, softball, baseball, soccer, tennis, and volleyball. George Owens Nature Park includes 85 acres with two fishing lakes, picnic areas, two shelter houses, an indoor facility with meeting rooms and a four mile walking trail. The City's athletic complex lies on 168 acres and includes soccer, baseball, softball and football fields as well as trails, a playground, amphitheater, a shelter and parking. Adventure Oasis Water Park, which is owned by the City, includes a lazy river with waterfall, family play pool, lap pool, slides and sun deck, together with bath house and concessions. There are several public golf courses within ten miles of the City.

A rich religious history is shared by many different faiths. Numerous churches have been serving the religious community for more than 100 years, including Trinity Episcopal, where Bess and Harry Truman were married. Today the City offers approximately 130 houses of worship, representing numerous denominations.

Educational Institutions and Facilities

Independence 30 School District of Jackson County, Missouri, the largest of four school districts serving the City, is rated “accredited” by the State of Missouri, which is the highest obtainable rating in the accreditation system. Total enrollment in the District is approximately 14,867 students among 22 elementary schools, four middle schools and three high schools. The City also offers private schools associated with churches located in the City. Fort Osage R-I School District, Raytown C-2 School District and Blue Springs R-IV School District also serve portions of the City. These three districts are all rated “accredited” by the State of Missouri.

Local colleges and universities include Columbia College, Park University – Independence Campus, Metropolitan Community College – Blue River, and Graceland University. Other higher education facilities located within driving distance of the City include: University of Missouri – Kansas City, Rockhurst University, Central Missouri State University, Avila University, Cleveland University – Kansas City, William Jewell College and the University of Missouri Extension. Because of the City’s location within the Kansas City Metropolitan Area, many additional choices are available for higher educational opportunities.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

Historically, the character of the City has been viewed as predominantly residential. In recent years industrial expansion has been a focus within the City. The City has several industrial sites which have been set aside to assure orderly development in light of anticipated increases in industrial activity. The labor force encompasses a wide variety of skills and occupations: management, business, science, and arts occupations (approximately 30.2%), sales and office occupations (approximately 24.5%), service occupations (approximately 16.2%), production, transportation, and material moving occupations (approximately 16.5%), and natural resources, construction, and maintenance occupations (approximately 12.6%).

Income Statistics

The following table sets forth estimated income statistics for 2019:

	Per Capita	Median Household
City of Independence	$25,341	$52,325
Jackson County	31,982	57,936
State of Missouri	31,756	57,409
United States	35,672	65,712

Source: Missouri Census Data Center, American Community Survey, 1-year estimates (2019).

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Employment

Major employers in the City include the following:

Employer	Product/Service	Number of Employees
Independence School District	Public School District	2,200
Northrop Grumman (Lake City)	Small Arms Ammunition	1,900 *
Centerpoint Medical Center	Health Care	1,400
City of Independence	Local Government	1,050
Government Employee Health Association	Medical Ins. Service Center	743
Rosewood Health Center at the Groves	Retirement Community	444
Burd & Fletcher	Paper Carton Manufacturing	274
Jackson County Circuit Court	Judicial System	274
Cable Dahmer Automotive	Vehicle Sales & Repair	271
Unilever	Food Manufacturing	260

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.
* The president of the International Association of Machinists and Aerospace Workers has expressed concerns in a letter to several members of Congress that reduced funding for small caliber ammunition manufacturing in the fiscal year 2022 federal defense appropriations bill could result in substantial workforce reductions at the Lake City ammunition plant.

The following table sets forth annual average unemployment figures for the last five years for the Missouri portion of the Kansas City metropolitan statistical area (**"Kansas City MSA (MO Part)"**), Jackson County, Missouri, the State of Missouri and the United States. These data are considered provisional and may be subject to change.

	2017	2018	2019	2020	2021 (1)
Kansas City MSA (MO Part)					
Total Labor Force	661,058	661,500	664,742	657,751	670,507
Unemployed	26,755	22,328	22,361	42,146	35,322
Unemployment Rate	4.0%	3.4%	3.4%	6.4%	5.28%
Jackson County					
Total Labor Force	362,774	363,146	363,539	360,371	365,706
Unemployed	15,976	13,558	13,531	25,246	20,838
Unemployment Rate	4.4%	3.7%	3.7%	7.0%	5.68%
State of Missouri					
Total Labor Force	3,061,441	3,052,386	3,083,245	3,053,613	3,061,703
Unemployed	115,101	97,578	101,557	182,208	129,545
Unemployment Rate	3.8%	3.2%	3.3%	6.0%	4.2%
United States					
Total Labor Force	160,313,583	162,069,750	163,508,833	160,776,833	160,570,600
Unemployed	6,976,083	6,305,500	5,996,917	12,964,917	9,788,000
Unemployment Rate	4.4%	3.9%	3.7%	8.1%	6.1%

Source: Missouri Economic Research and Information Center, Missouri Department of Economic Development.
(1) Average of January through May 2021.

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Housing Structures

The following table sets forth statistics regarding housing structures by type in the City for 2019:

Year Round Units	Number of Units	Percentage of Units
Single Detached	36,140	68.28%
Single Attached	4,007	7.57
Double	601	1.14
3 to 19 Units	7,659	14.47
20+ Units	3,082	5.82
Mobile Homes	1,405	2.65
All Other	33	0.06
Total Units	52,927	100.00%

Source: Missouri Census Data Center, American Community Survey, 1-year estimates (2019).

The median value of owner occupied housing units in the area of the City, Jackson County, Missouri, the State of Missouri and the United States was estimated for 2019, as follows:

	Owner Occupied Median Value
City of Independence	$129,100
Jackson County	163,800
State of Missouri	168,000
United States	240,500

Source: Missouri Census Data Center, American Community Survey, 1-year estimates (2019).

Building Construction

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City each Fiscal Year over a five-year period. These numbers reflect permits issued either for new construction or for major renovation.

	2017	2018	2019	2020	2021
Residential					
Number of Permits	337	500	403	533	588
Estimated Cost	$46,827,250	$14,696,535	$58,713,810	$93,074,467	$30,981,217
Non-Residential					
Number of Permits	74	79	77	86	130
Estimated Cost	$70,929,972	$55,191,737	$44,142,551	$32,931,796	$69,171,445

Source: City of Independence, Missouri June 30, 2019 Continuing Disclosure Statement for Fiscal Years ended June 30, 2017 through 2019; City for Fiscal Years ended June 30, 2020 and 2021.

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Obligations of the City

General Obligation Debt. The Missouri Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "City purposes" not to exceed 10% of the assessed value of taxable tangible property. The State Constitution also permits a city, by vote of two-thirds of the voting electorate under a special election or four-sevenths under a general election, to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property. The additional indebtedness is allowed for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric or other light and plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property.

The City had no General Obligation debt outstanding as of September 1, 2021. However, as of that date the City did have the following Neighborhood Improvement District bonds outstanding:

- $27,000 of its Neighborhood Improvement District Bonds (Fall Drive Sanitary Sewer Project) Series 2004B, issued in the original principal amount of $111,000 (the **"Series 2004B NID Bonds"**)

The Series 2004B NID Bonds are payable from special assessments on certain real property within the district. If not so paid, such bonds are then payable from any reserve fund established for the bonds and then, pursuant to a full faith and credit pledge of the City, from any available funds. However, the City is not authorized nor obligated to levy taxes for the repayment of such Series 2004B NID Bonds.

Revenue Obligations. The following is a summary of the outstanding principal amount, as of September 1, 2021, of the City's (1) tax increment financing loan obligations evidenced by infrastructure facilities revenue bonds (collectively, the **"TIF Bonds"**) issued by the Missouri Development Finance Board (the **"Board"**) and loaned to the City to finance or refinance various redevelopment projects, which are repayable from various revenue streams (including payments in lieu of tax and economic activity tax revenue) generated within the respective redevelopment areas and annual appropriations from the City's general fund (the **"General Fund"**), to the extent such revenue streams are insufficient, and (2) other loan obligations evidenced by infrastructure facilities revenue bonds (collectively, the **"Revenue Bonds"**) issued by the Board and loaned to the City (a) to finance or refinance various water, sewer and electric utility system projects, which have been and are expected to be paid from annual appropriations generated from the net revenues of the City's respective water, sewer and electric utility systems (as indicated below), and (b) to finance and refinance the construction of the City's Events Center (hereinafter defined), which have been and are expected to be paid from annual appropriations of the net revenues generated from the operation of the City's Events Center, the City's Power and Light Fund, Water Fund, Sewer Fund and Events Center Fund:

Power and Light Fund – Secured by City's Annual Appropriation Powers

Original Principal Amount	Issuer	Issue Name	Series	Amount Outstanding
$55,185,000	MDFB	Infrastructure Facilities Leasehold Revenue Bonds	2012A	$52,610,000
52,525,000	MDFB	Infrastructure Facilities Leasehold Improvement and Refunding Revenue Bonds†	2012F	36,700,000
47,180,000	MDFB	Infrastructure Facilities Leasehold Revenue Bonds†	2016D	47,180,000

† Limited to annual appropriation of net electric system revenues.

Water Fund – Secured by City's Annual Appropriation Powers

Original Principal Amount	Issuer	Issue Name	Series	Amount Outstanding
$36,240,000	MDFB	Infrastructure Facilities Leasehold Refunding Revenue[††]	2013D	$20,240,000

[††] Limited to annual appropriation of net water system revenues.

Events Center – Secured by City's Annual Appropriation Powers

Original Principal Amount	Issuer	Issue Name	Series	Amount Outstanding
$11,815,000	MDFB	Infrastructure Facilities Revenue Bonds	2011A	$10,815,000
68,945,000	MDFB	Infrastructure Facilities Revenue Bonds	2012C	64,230,000
12,005,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2016A	9,820,000

Crackerneck Creek TIF Project – Secured by City's Annual Appropriation Powers

Original Principal Amount	Issuer	Issue Name	Series	Amount Outstanding
$47,060,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2015C	$47,060,000
$35,920,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2021	35,920,000

Centerpoint TIF Project – Secured by City's Annual Appropriation Powers

Original Principal Amount	Issuer	Issue Name	Series	Amount Outstanding
$12,050,000	MDFB	Infrastructure Facilities Revenue Bonds	2012D	$6,175,000
2,030,000	MDFB	Infrastructure Facilities Revenue Bonds	2014B	1,230,000
17,275,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2016B	11,920,000

Eastland Center TIF Project – Secured by City's Annual Appropriation Powers

Original Principal Amount	Issuer	Issue Name	Series	Amount Outstanding
$3,965,000	MDFB	Infrastructure Facilities Revenue Bonds	2012E	$805,000
4,855,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2014A	1,095,000
9,725,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2017A	2,080,000

Santa Fe TIF Project – Secured by City's Annual Appropriation Powers

Original Principal Amount	Issuer	Issue Name	Series	Amount Outstanding
$5,225,000	MDFB	Infrastructure Facilities Revenue Bonds	2015A	$4,550,000
3,545,000	MDFB	Taxable Infrastructure Facilities Revenue Bonds	2015B	3,150,000

Sewer Bonds Secured by the City's Annual Appropriation Powers

Original Principal Amount	Issuer	Issue Name	Series	Amount Outstanding
$21,170,000	MDFB	Infrastructure Facilities Revenue Bonds†††	2014C	$19,275,000

††† Limited to annual appropriation of Available Sewer Revenues. Excludes $30,430,000 principal amount of Series 2012B Bonds and $38,665,000 principal amount of Series 2013C Bonds to be defeased and refunded with proceeds of the Series 2021 Bonds and other funds available to the City.

Other Bonds Secured by the City's Annual Appropriation Powers

Original Principal Amount	Issuer	Issue Name	Series	Amount Outstanding
$2,390,000	MDFB	Infrastructure Facilities Revenue Bonds	2015D	$2,390,000

Capital Leases. Capital leases payable as of September 1, 2021 (the **"Capital Leases"**), which are subject to annual appropriation, are comprised of the following:

	Outstanding Principal Amount
Lease Purchase Agreement (vehicles and infrastructure improvements), semi-annual installments of $16,396 to $1,671,861 through 2035; interest at 2.42%	$17,940,000
Motorola Solutions (radio equipment), semi-annual installments of $56,700 to $78,539 through 2022; interest at 3.4593%	78,539
Caterpillar Financial Services Equipment Lease-Purchase Agreement (wheel loader), annual installments of $40,427.37 to $40,686.24 through 2026; interest at 2.950%	185,411
PNC Equipment Finance (fire truck), annual installments of $51,525 to $71,106 through 2026; interest at 3.00%	335,451
TOTAL	$18,539,401

Santa Fe Redevelopment Project

The Santa Fe Redevelopment Project (the **"Santa Fe Project"**) consists of the redevelopment of approximately 29 acres in the City (the **"Santa Fe Redevelopment Area"**). Tax increment financing was approved for the Santa Fe Redevelopment Project in 2001. The project involved clearing existing retail, commercial and residential buildings within the 29 acre area and new mixed use commercial, retail and residential development and related off-site improvements. Total projected redevelopment costs were estimated at $25,567,017, including approximately $7,500,000 in reimbursable project costs funded from a series of bonds issued in 2001 by the Board.

A number of years ago, the 29-acre area was cleared of buildings and debris and prepared for construction. The only businesses located in the Redevelopment Area to date are a car dealership, a rental car agency, two auto parts stores and a television repair shop.

In 2007, the Board issued its $10,060,000 Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Santa Fe Project) (the **"Series 2007C Bonds"**), to refund the bonds issued in 2001 to fund costs related to the Santa Fe Project. The Series 2007C Bonds were secured by payments in lieu of taxes and economic activity taxes generated within the Santa Fe Redevelopment Area and by the City's General Fund, subject to annual appropriation. Payments in lieu of taxes and economic activity taxes generated within the Santa Fe Redevelopment Area were insufficient to make debt service payments on the Series 2007C Bonds. The developer of the Santa Fe project (the **"Santa Fe Developer"**), voluntarily made payments to the City to cover a portion of the shortfalls in debt service payments on the Series 2007C Bonds. The Santa Fe Developer's voluntary reimbursements to the City totaled $4,600,653.08, with $1,775,780 in shortfalls remaining to be funded by the City without reimbursement.

The City and the Santa Fe Developer entered into an agreement (the **"Reimbursement Agreement"**) under which the City agreed to consider implementation of additional tax increment financing (**"TIF"**) redevelopment projects under the Noland Road & 23rd Street TIF Plan, a TIF Plan for the redevelopment of an area (the **"Noland Road Redevelopment Area"**) generally adjacent to the Santa Fe Redevelopment Area. To assist in funding debt service shortfalls, the Developer agreed to fund up to $233,000 per year of the shortfall, such amount to be reduced by any payments in lieu of taxes and economic activity taxes generated from new businesses opening in the Santa Fe Redevelopment Area, and the City agreed to attempt to refinance the Series 2007C Bonds and attempt to extend the maturity of the financing. In 2015, the Board issued its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Santa Fe Redevelopment Project), Series 2015A (the **"Series 2015A Bonds"**), in the original principal amount of $5,225,000, and its Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Santa Fe Redevelopment Project), Series 2015B (the **"Series 2015B Bonds,"** together with the Series 2015A Bonds, the **"Outstanding Santa Fe Bonds")**, in the original principal amount of $3,545,000, to refund the Series 2007C Bonds. Since the date of issuance of the Outstanding Santa Fe Bonds, payments in lieu of taxes and economic activity taxes generated within the Santa Fe Redevelopment Area have also been insufficient to make debt service payments on the Outstanding Santa Fe Bonds. According to the City's audited financial statements, payments in lieu of taxes and economic activity taxes generated in the Santa Fe Redevelopment Area during Fiscal Year ended June 30, 2020, were $34,633. Under an agreement with Jackson County, the City also received certain economic activity taxes from certain automobile sales which amounted to $74,769 in the Fiscal Year ended June 30, 2020.

The obligation of the Developer to pay up to $233,000 per year (the **"Developer Payments"**) is limited to a portion of the debt service shortfall calculated after the application of payments in lieu of taxes and economic activity taxes from the Santa Fe Redevelopment Area, payments in lieu of taxes and economic activity taxes from two projects within the Noland Road Redevelopment Area, state TIF revenues from the Santa Fe Redevelopment Area, interest on debt service reserves and amounts in the special allocation fund for the Santa Fe Redevelopment Area, and half of the City's uncaptured general sales tax within the Noland Road Redevelopment Area. That amount is then reduced by 50% of the payments in lieu of taxes and economic activity taxes created by businesses in the Santa Fe Redevelopment Area that operate on land that was vacant in August of 2014. The result of this formula is that the City received $-0- in payments from the Santa Fe Developer under the Reimbursement Agreement during the Fiscal Years ended June 30, 2020.

The Falls at Crackerneck Creek Redevelopment Project

On October 18, 2004, the City approved the Crackerneck Creek Tax Increment Financing Plan. This approval established 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 provided for 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 September 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.

As part of the Project, the City entered into the Lease with Options (as amended from time to time, the **"Bass Pro Lease"**) with Bass Pro Outdoor World L.L.C. (**"Bass Pro"**). Pursuant to the Bass Pro Lease, the City leases to Bass Pro approximately twenty (20) acres on which Bass Pro constructed a "Bass Pro Shops Outdoor World" retail store building containing approximately 160,000 square feet (the **"Bass Pro Store"**) and leases the Bass Pro Store to Bass Pro under the terms and conditions contained in the Bass Pro Lease. Under the Bass Pro Lease, the City was obligated to make $25,000,000 available to Bass Pro. This amount was funded from the proceeds of a series of bonds issued in 2006 and was used to construct the Bass Pro Store. The Board at the request of the City has issued a total of $89,570,000 of taxable and tax-exempt bonds for the Crackerneck Creek project to fund project costs (together with certain subsequent refunding bonds, the **"Crackerneck Creek Project Bonds"**). Presently, two series of Crackerneck Creek Project Bonds remain outstanding in a combined outstanding principal amount of $82,980,000, including the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2015C and the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021.

Development of the Crackerneck Creek Redevelopment Area has occurred at a much slower pace than originally anticipated. 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 Redevelopment Area have been executed as of the date hereof. The City has recently approved a request by the Developer to amend the Crackerneck Creek Tax Increment Financing Plan to allow the Developer to pursue opportunities to construct a multifamily residential complex within the Crackerneck Creek Redevelopment Area. The City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area.

Status of Developer and Development Agreement

To implement the development of the Crackerneck Creek Redevelopment Area, the City and the Developer entered into the Tax Increment Financing Redevelopment Agreement dated as of February 9, 2005, as amended by that certain First Amendment dated March 16, 2006 (collectively, the **"TIF Agreement"**). Pursuant to the TIF Agreement, the Developer was obligated to produce commitments for Additional Retail Development according to the Additional Retail Development Leasing Schedule that is attached to the TIF Agreement. On December 1, 2006, the City provided a written demand to Developer to engage a national leasing firm to assist in obtaining leases for Additional Retail Development, as defined in the TIF Agreement, and to take certain actions as required by the TIF Agreement to produce the required amount of Additional Retail Development in accordance with the Additional Retail Development Leasing Schedule.

The Developer failed to take the requested action, and on June 22, 2007, the City provided written notice to the Developer stating "[d]eveloper is hereby terminated as the developer of record under the TIF Agreement" for Developer's failure to comply with certain provisions of the TIF Agreement, relating to compliance with the Additional Retail Development Leasing Schedule and the submission of covenants, conditions and restrictions that will be applicable to the Crackerneck Creek project.

On February 7, 2008, the City and Developer entered into an Agreement for Stay of Termination (the **"Stay of Termination"**). Under the provisions of the Stay of Termination, the City consented to stay the provisions of the termination until June 30, 2008 to provide the Developer additional time to procure retail development for the project. Because commitments for such retail development have not been secured, the City can proceed at any time with the termination of the Developer and the Developer has expressly waived any ability to challenge the termination proceedings as part of the Stay of Termination. The City has not yet acted to permanently terminate Developer as the developer of record under the Redevelopment Agreement.

Subsequent to the execution of the Stay of Termination, the City and Developer have entered into an "Agreement for Parcel Development in the Falls at Crackerneck Project" dated October 9, 2008 (the **"Parcel Development Agreement"**). Under the terms of the Parcel Development Agreement, the City agrees to make up to $5,054,100 from amounts saved under the original public improvements budget available to the Developer to assist in funding actual development costs of certain parcels in the Crackerneck Creek project for the Hobby Lobby store that opened in the Crackerneck Creek Project in 2009, a hotel and other potential development. Subsequent to the execution of the Parcel Development Agreement, the City and Developer agreed that $425,000 of the $5,054,100 made available under the Parcel Development Agreement would be reimbursed to the Developer for site costs related to the construction of a Cheddars restaurant at the Crackerneck Creek project.

In 2007 and 2008 the Developer protested the assessed value assigned by Jackson County, Missouri, to certain property in the Crackerneck Creek Redevelopment Area. During the time the protest was pending, the payments in lieu of tax attributable to such parcels were not available to the City to pay debt service on the Crackerneck Creek Project Bonds. The protest was resolved in 2009 and all payments in lieu of tax from the Crackerneck Creek Redevelopment Area eventually became available to the City. While the assessed value and property taxes in the Crackerneck Creek Redevelopment Area have not been protested since that time, there can be no assurance that future valuations of property in the Crackerneck Creek Redevelopment Area will not be subject to protest.

In a letter dated November 25, 2019, the Developer requested that the City begin to make payment of approximately $8.7 Million in amounts that the Developer claims are due to it under the various agreements described above. Such amounts have been the subject of an exchange of requests and responses between the Developer and the City dating back to 2017. In early 2020, the City reiterated its position to the Developer that, although some reimbursable amounts may have been incurred by the Developer in addition to what has been paid by the Crackerneck Creek Project Bonds, such amounts are payable only from a portion of the revenues generated by the Crackerneck Creek project after debt service on the Crackerneck Creek Project Bonds is provided for, and such revenues are currently not sufficient to pay debt service on the Crackerneck Creek Project Bonds, leaving nothing for payment of reimbursable project costs.

It is impossible to predict whether any future development will occur or whether the existing businesses will continue in operation within the Crackerneck Creek Redevelopment Area. Other than a potential multifamily development that is being pursued by the Developer, the City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area.

The Bass Pro Store and the Bass Pro Lease

On June 16, 2004 the City entered into the Bass Pro Lease with Bass Pro. The Bass Pro Lease was amended pursuant to the Amendment to Bass Pro Lease with Options dated December 20, 2004 and the Second Amendment to Lease With Options dated March 6, 2006. Pursuant to the Bass Pro Lease, $25,000,000 of the cost of constructing the Bass Pro Store was funded by the City through the issuance of Crackerneck Creek Project Bonds. The City also constructed and made available to Bass Pro approximately 600 parking spaces. The Bass Pro Store offers the general public retail sales of sporting goods, sporting equipment and sporting services primarily relating to fishing, hunting, camping and boating. The Bass Pro Store opened in March, 2008.

The initial term of the Bass Pro Lease is 20 years, beginning at the commencement date of the Bass Pro Lease. Bass Pro has the option to renew the Bass Pro Lease for nine one-year periods, and three five-year periods. During the initial 20 year 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. All such rental payments are referred to herein as the **"Bass Pro Lease Payments."** Historically Bass Pro has never exceeded the $1,000,000 Minimum Percentage Rent.

Pursuant to the Bass Pro Lease, Bass Pro covenanted that it would open for business on the commencement date stated in the Bass Pro 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"**). 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.

During any of the nine one-year renewal options, Bass Pro will pay rent equal to $10 per year. However, if the TIF bond financing provided by the City in a maximum amount of $35,000,000 (the **"Leased Premises TIF"**) has not been fully paid at the expiration of the initial term, then during each year thereafter (if any) until the Leased Premises TIF has been paid in full 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 Leased Premises TIF includes $35,000,000 of Crackerneck Creek Project Bonds and has not yet been fully paid.

Bass Pro prevailed in litigation with the City over the amount owed by Bass Pro for a construction license surcharge related to construction of the Bass Pro Store. Including related attorneys fees, the City paid to Bass Pro approximately $460,000 related to the verdict.

The City and Bass Pro settled litigation related to the initial lease payment. Thereafter, rent payments have been paid on time by Bass Pro, with the exception of rent due for two months during the COVID-19 response, which have since been caught up. Upon a default by the City under the Bass Pro Lease, Bass Pro may pursue all available legal and equitable remedies, including termination of the Bass Pro Lease.

As a result of the City's ownership, the land on which the Bass Pro Store is located is exempt from real estate taxes.

Under the Bass Pro Lease, Bass Pro has the option to purchase the Bass Pro Store at the expiration of the 20 year initial term and at the expiration of any renewal option for a purchase price equal to 90% of the fair market value thereof as determined by an MAI appraisal.

The Bass Pro Lease also required the City to purchase, prepare and give to Bass Pro at no cost an approximate five acre parcel located near or adjacent to the Bass Pro Store to be used for the construction of a hotel containing at least 150 rooms (the **"Hotel"**) and such other improvements thereon as desired by Bass Pro. Bass Pro agreed that (subject to force majeure) it would cause the Hotel to be open for business within two (2) years of the opening date of the Bass Pro Store. Because the two year period expired without any progress by Bass Pro toward the construction of the Hotel, the City took control of the Hotel site and subsequently deeded it to the Developer. Any sales generated from the Hotel will be excluded from Bass Pro's gross sales and will not be included in the calculation of rent due under the Bass Pro Lease. This site is the location of the Stoney Creek Inn.

Under the Bass Pro Lease the City also constructed at its cost an approximate 15-acre lake and an additional wilderness/habitat area of approximately 15 acres. The City park includes a waterfall and presents a unique natural setting. The lake and park development was completed at approximately the same time the Bass Pro Store opened for business.

Anticipated Shortfall of Crackerneck Creek Revenues

The Crackerneck Creek Project Bonds issued for the Crackerneck Creek Redevelopment Area are currently outstanding in the aggregate principal amount of $82,980,000 and include the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2015C (the **"Series 2015C Crackerneck Creek Bonds"**) and the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021 (the **"Series 2021 Crackerneck Creek Bonds"**) issued by the Board. The Outstanding Crackerneck Creek Project Bonds have maturities extending to 2051. The revenues generated within the Crackerneck Creek Redevelopment Area and anticipated to be available to pay debt service relating to the Crackerneck Creek Project Bonds include (1) payments in lieu of taxes generated by the Crackerneck Creek Redevelopment Area, which terminate in 2026, (2) economic activity taxes generated by the Crackerneck Creek Redevelopment Area, which terminate in 2027, (3) incremental state sales tax revenues, which terminate in 2026, (4) certain transportation development district revenues, which terminate in 2036, (4) Bass Pro Lease Payments, and (5) payments in lieu of taxes and economic activity taxes generated within the overlapping I-70 and Little Blue Parkway, which terminate in 2037 (altogether, the **"Crackerneck Creek Project Revenues"**). To the extent that the loan payments with respect to the Crackerneck Creek Project Bonds are not provided for by the Crackerneck Creek Project Revenues, the City has covenanted, subject to annual appropriation, to make payments from other available sources, including the City's General Fund, to make up the shortfall.

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, if any, it is highly unlikely that the Crackerneck Creek Redevelopment Area will be able to generate sufficient Crackerneck Creek Project Revenues to pay debt service on the Crackerneck Creek 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 Crackerneck Creek Project 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, to support payments on the Crackerneck Creek Project Bonds. Due to restructurings of the Crackerneck Creek Project Bonds, the City has not been required to make such contributions since 2017. The City has recently issued the Series 2021 Crackerneck Creek Bonds with the goal of better aligning anticipated revenues with debt service on Crackerneck Creek Project Bonds.

Even with the restructuring provided by the Series 2021 Crackerneck Creek Bonds, the City does not anticipate that the Crackerneck Creek Project Revenues will be sufficient to pay debt service on the Crackerneck Creek Project Bonds, either currently or between the time that the Crackerneck Creek Project Revenues terminate and the final maturity of the Crackerneck Creek Project Bonds. For this reason, the City has adopted the TIF Supplemental Appropriation Policy (discussed below under the subheading "***The City's Tax Increment Financing Supplemental Appropriation Policy***") to identify and set aside certain other revenues that become available to the City for debt service on the Crackerneck Creek Project Bonds and the Outstanding Santa Fe Bonds.

The City's Tax Increment Financing Supplemental Appropriation Policy

In the spring of 2021, the City approved a Tax Increment Financing Supplemental Appropriation Policy (the **"TIF Supplemental Appropriation Policy"**) relating to certain new revenues previously captured for application within tax increment financing redevelopment areas that become available as tax increment financing expires within such areas. Under the TIF Supplemental Appropriation Policy, City Staff and consultants will monitor project-generated revenues available for application to the City's various bond-financed tax increment financing projects, monitor the amounts of such new revenues being generated, and make a recommendation to City Council in connection with each annual budget as to the amount that should be retained from such new revenues in the following Fiscal Year in order to provide for full payment of all of the City's tax increment financing obligations (including the Crackerneck Creek Project Bonds and the Outstanding Santa Fe Bonds), after considering project-generated revenues anticipated to be available to pay such obligations. Recommendations will be based on a five-year model of anticipated revenues and debt service requirements maintained by City consultants. Under the TIF Supplemental Appropriation Policy, the City Council will, on an annual basis, determine the amount of current revenues within the following Fiscal Year to retain in the fund established under the TIF Supplemental Appropriation Policy (the **"TIF Supplemental Appropriation Fund"**), and determine the amount (if any) of excess funds remaining from prior Fiscal Years to be released from the TIF Supplemental Appropriation Fund for deposit into the City's General Fund and special tax funds. Amounts deposited into the TIF Supplemental Appropriation Fund will be used, subject to state law limitations on the purposes for which the taxes generating such amounts were levied, to pay debt service on the City's tax increment financing obligations.

Independence Events Center

The issuance of the Series 2011A Bonds, Series 2012C Bonds and Series 2016A Bonds described above under the subheading **"Events Center – Secured by City's Annual Appropriation Powers"** either financed or refinanced construction of a multipurpose events center that is owned by the City (the **"Events Center"**). Such bonds (the **"Events Center Bonds"**) are secured by a community improvement district (the **"Events Center CID"**) sales tax within a designated area of the City (including, on a subordinate basis, proceeds of such tax that are captured by four tax increment financing redevelopment areas within the Events Center CID (the **"Events Center CID EATS"**), and if not paid from such revenues, by the City's General Fund, subject to annual appropriation. The Events Center improvements consisted of three basic categories of improvements, which included the Events Center, an Adjacent Ice and Practice Facility, and related infrastructure improvements, as further described below. Construction of the Events Center is complete and the facility is open and has been hosting events since November, 2009. The Events Center is located on an approximately 27 acre tract of land at the southeast quadrant of the intersection of Interstate 70 and Missouri Highway 291. Pursuant to a naming rights agreement, the Events Center was known as the Silverstein Eye Centers Arena from 2015 through early 2020. In March 2020, Cable Dahmer Automotive Group acquired naming rights to the Silverstein Eye Centers Arena, and was renamed Cable Dahmer Arena.

The Events Center is capable of hosting sporting, civic and entertainment events and contains approximately 162,000 square feet of space on two levels. The Events Center has 5,800 fixed seats, 25 luxury suites and 2,000 paved parking spaces on site. The capacity of the Events Center is expanded to a maximum of 7,000 for concerts and other special events by the use of folding or stacking chairs. The seating totals also include club seats and a separate loge section which is served by lounges with bars and concessions.

The rink area is based on NHL standards of 85 feet x 200 feet, with an ice rink designed to withstand repeated quick changes from ice events to non-ice events. The facility includes administrative offices, a box office, janitorial and equipment rooms, home team and visitor locker rooms, public toilet facilities, concession areas, and a stage for concert events. There are separate rooms to accommodate the press, radio, and statisticians and to control sound and lighting equipment.

The City, as owner of the Events Center, and Independence Professional Hockey LLC (**"IPH"**) entered into an Amended and Restated Arena Lease dated August 13, 2009 (**"Hockey Lease"**), which authorizes the lessee to play a minimum of 30 regular season home games per year, plus play-off games if necessary, and to utilize the Events Center for practices, training camp, and other team related activities. The Hockey Lease was assigned to Loretta Sports Ventures, LLC, a Texas limited liability company in January, 2015, and Loretta Sports Ventures, LLC became Kansas City Mavericks, LLC, a Texas limited liability company (**"KCM"**) through a series of name changes. The initial term of the Hockey Lease expired on April 30, 2020. On September 27, 2018, the City and KCM executed a First Amendment to Amended and Restated Arena Lease (the **"First Lease Amendment"**), which extended the Hockey Lease term to an expiration date of June 30, 2024, restructured the lease payments, primarily by basing the major component of the rental rate on type of game (regular season, various playoff rounds) instead of the day of the week on which the game was played, adjusted revenue sharing calculations for concession sales and reset the fees applicable to ticket pricing.

KCM owns the Kansas City Mavericks minor league hockey team (the **"Kansas City Mavericks"**) that is currently playing its home games at the Events Center. The Kansas City Mavericks are part of the East Coast Hockey League, which is a 26-team league.

The Events Center has also been home to the Kansas City Comets (the **"Comets"**) of the Major Arena Soccer League (**"MASL"**) franchise. MASL is a professional indoor soccer league with 17 teams. The Comets use the Events Center pursuant to a license agreement that is renewable annually by the parties until the end of the 2021-2022 MASL season, provided that if the MASL league ceases to operate, the agreement is terminable by the Comets upon 30-day notice. The license agreement has been extended through the 2020-2021 season.

The Events Center also schedules various other types of events such as monster truck rallies, concerts and conventions.

Adjacent Ice and Practice Facility. The Adjacent Ice and Practice Facility is under the same roof as the Events Center but is set up as a separate facility. The facility contains approximately 28,200 square feet, including a standard NHL size rink of 85 feet x 200 feet. The facility also includes its own lobby and spectator bleacher seating for approximately 270 spectators, a storage area for various hockey and figure skating gear, a skate rental area, separate concession areas, a party room, restroom facilities, and shared locker rooms with the main Events Center facility. The City's Parks and Recreation Department has an administrative office in the facility. Scoreboards and some electronic signage have been installed. The facility utilizes the same mechanical equipment and infrastructure constructed for the Events Center. The Adjacent Ice and Practice Facility is used by the public and also for practices by the Mavericks team.

Management of the Events Center Project. The City took over management of the Events Center in October 2010, from Global Entertainment Corporation, and formed the Independence Events Center Management Corporation (**"IECMC"**), a nonprofit corporation, to provide for the management of the Events Center. The City is the sole member of the IECMC. The Board of the IECMC consists of five officers and employees of the City, which are appointed by the City. The Board of the IECMC hired Global Spectrum L.P. (now Spectra by Comcast Spectator, referred to herein as the **"Events Center Manager"**) to manage the facility in 2014 pursuant to a contract that currently runs through 2034 with a five year renewal option. The IECMC currently oversees the Events Center Manager in its management of the facility.

Expenses for the operation of the Events Center are paid with revenues generated from the Events Center. If there are operational shortfalls, the City may cover the shortfalls with other legally available funds but has no legal obligation to do so. The anticipated source for funding any operational shortfalls that may occur is the City's General Fund.

During the Fiscal Year ended June 30, 2020, total revenue available with respect to the Events Center was $13,819,924 (including operating revenue, sales tax collected by the Events Center CID, Events Center CID EATS and interest income), and the total of expenses with respect to the Events Center was $12,178,812, inclusive of operating expenses and debt service (debt service totaled $4,118,013). At the end of Fiscal Year 2020, the Events Center fund had a net position of $(8,685,169) due to the depreciation of assets and the amount of debt carried by the Events Center fund. See *Exhibit 6* on page 29 of the City's audited financial statements for the Fiscal Year ended June 30, 2020 which are included in **Appendix B** hereto.

The Events Center fund operates at a significant negative, but is subsidized by the Events Center CID. In recent years, the Events Center CID has generated sufficient revenues to pay the debt service on the Events Center Bonds and build reserves sufficient to cover debt service on the Events Center Bonds for an entire year. The revenues collected by the CID for Fiscal Years 2020 and 2021 were sufficient to pay the expenses of the Events Center CID and the debt service on the Events Center Bonds.

The Events Center CID that levies the community improvement district sales tax described above was audited by the Missouri State Auditor in 2017. According to the Missouri State Auditor's Report No. 2017-136 released in November 2017, the Missouri State Auditor made the following findings as a result of the audit of Events Center CID:

- *Administrative fees*: The Events Center CID failed to competitively procure administrative services. As a result, the Events Center CID was paying excessive administrative fees to the City.
- *Expenditure*s: The Events Center CID Board did not review or approve any expenditures related to the construction of the Events Center, which circumvents the Board's primary responsibility of providing oversight of district expenses.
- *Non-Compliance with State Law*: The Events Center CID Board did not submit budgets to the city within the time frames required by state law.

The Events Center is currently holding events such as concerts, sporting exhibitions and car shows. The return of Events Center operations is subject to the social distancing limitations within the City described in **"BONDOWNERS' RISKS – Effects of COVID-19"** in the Official Statement.

Impact of Shortfalls on the Sewer Fund

As described above, the City is obligated to pay debt service with respect to numerous borrowings on an annual appropriation basis. Only the Series 2021 Bonds and the series of bonds listed under the subheading **"Sewer Bonds Secured by the City's Annual Appropriation Powers"** are secured specifically by Available Sewer Revenues (see **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The Financing Agreement"** for a description of Available Sewer Revenues). Although repayment of certain borrowings is limited to appropriations from revenues of the City's electric utility or water utility, most of the City's obligations are ultimately backed by a pledge to annually appropriate from any available source. Shortfalls in project revenues, utility generated revenues or other revenues anticipated to make payments with respect to certain series of outstanding bonds may cause the City to look for sources, including Available Sewer Revenues, that may be available to lessen the burden of such debt service on the City's General Fund. For example, between 2011 and 2017, when debt service on the Crackerneck Creek Project Bonds began to significantly exceed the Crackerneck Creek Project Revenues, the City expended $13,951,364 from its General Fund, $1,682,643 from utility funds, $2,258,751 from sales tax funds, to support payments on the Crackerneck Creek Project Bonds. During such time $623,901 from the Sewer Fund was used for debt service on the Crackerneck Creek Project Bonds. Due to restructurings of the Crackerneck Creek Project Bonds, the City has not been required to make such contributions since 2017 and the City has recently issued the Series 2021

Crackerneck Creek Bonds with the goal of better aligning anticipated revenues with debt service on Crackerneck Creek Project Bonds.

Although the City's TIF Supplemental Appropriation Policy is designed to address anticipated shortfalls in project revenues available for payment of its bond-financed tax increment financing projects, there is no guarantee that the City will not experience shortfalls in revenue available to pay debt service on any particular series of bonds for which it has an annual appropriation obligation. Any such shortfall could affect the City's willingness to appropriate Available Sewer Revenues to Loan Payments in an amount sufficient to pay the debt service on the Series 2021 Bonds.

Overlapping or Underlying Indebtedness

The following table sets forth overlapping and underlying debt repaid with property taxes of political subdivisions with boundaries overlapping the City as of September 1, 2021, and the percent attributable (on the basis of assessed valuation figures) to the City. The table was compiled from publicly available information furnished by the jurisdictions responsible for the debt and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or other long-term obligations such as leases, the amounts of which may be unknown to the City at this time.

Jurisdiction	General Obligation Bond Issues Outstanding	Percentage Applicable to City of Independence	Amount Applicable to City of Independence
Blue Springs R-4 School District	$159,975,000	4.00%	$6,399,000
Independence School District	169,610,000	93.10	157,906,910
Raytown School District	81,515,000	8.58	6,993,987
Fort Osage R-1 School District	56,220,000	12.50	7,027,500
		Subtotal, overlapping debt:	$178,327,397
		City direct debt:	134,941,401[1]
		Total direct and overlapping debt:	$313,268,798

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: State Auditor of Missouri – Bond Registration Reports; City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020 (*Table 18*); most recent information available from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

(1) Reflects the outstanding principal amount of (a) the City's Series 2004B NID Bonds ($27,000), (b) the TIF Bonds ($113,985,000), (c) the City's Series 2015D Bonds ($2,390,000), and (d) the outstanding amount of the City's Capital Leases as of September 1, 2021 ($18,539,401). Excludes (i) the outstanding principal amount of the Revenue Bonds payable or anticipated to be paid from annual appropriation of net revenues generated from the operation of the City's water, sewer and electric systems ($240,895,000*) as of September 1, 2021 and (ii) the outstanding principal amount of the Revenue Bonds anticipated to be paid from Events Center CID EATS ($84,865,000) as of September 1, 2021.

Anticipated Future Financings

Events Center Bonds. The City anticipates a refunding transaction and a refunding and improvement transaction for the benefit of the Independence Events Center, each of which will be secured by revenues from

* Preliminary, subject to change.

a community improvement district sales tax within a designated area of the City (including, on a subordinate basis, proceeds of such tax that are captured by three tax increment financing redevelopment areas within the community improvement district, and if not paid from such revenues, by the City's general fund, subject to annual appropriation. The purpose of the refunding-only transaction is anticipated to be debt service savings through the early redemption of the Series 2011A Bonds described above. The purpose of the refunding and improvement transaction is anticipated to be debt service savings through the early redemption of the Series 2012C Bonds described above and the production of new money for improvements to the Independence Events Center. The new money portion is anticipated to be sized in a manner as to not increase the total debt service as compared to the debt service for all Independence Events Center bonds outstanding prior to the two transactions.

Refunding Opportunities. The City anticipates issuing multiple series of obligations over the next five years to refund certain outstanding Revenue Bonds listed above under **"THE CITY OF INDEPENDENCE, MISSOURI – Obligations of the City – Revenue Obligations,"** for the purpose of debt service savings. However, 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.

Audited Financial Statements

The City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020 is included in **Appendix B** to this Official Statement. The financial statements included in such Comprehensive Annual Financial Report have been audited by RubinBrown LLP, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto. RubinBrown LLP 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, and has not performed any procedures relating to this Official Statement.

Employee Retirement System

Note: ***The information under this heading "Employee Retirement System" has been excerpted from the notes to the City's audited financial statements for the Fiscal Year ended June 30, 2020 which are included in Appendix B hereto.***

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (**"LAGERS"**). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600 - 70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for Police and Fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for Police and Fire) and receive a reduced allowance.

	2020 Valuation
Benefit Multiplier	2.00%
Final Average Salary	3 Years
Member Contribution	4.00%

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4.00% per year.

Employees Covered by Benefit Terms. At June 30, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	1,148
Inactive employees entitled to but not yet receiving benefits	210
Active employees	962
	2,320

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Contributions. Effective November 1, 2009, the City's LAGERS benefit program changed from LT-8(65) to L-6 with employees contributing 4.00% of gross salaries and wages. The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City contribute 4.00% of their gross pay to the pension plan. The City contribution rates for the Fiscal Year ended June 30, 2020 were 18.30% (General), 19.50% (Police) and 18.70% (Fire) of annual covered payroll.

Net Pension Liability. The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020. Standard update procedures were used to roll forward the total pension liability to June 30, 2020.

Actuarial Assumptions. The total pension liability in the February 29, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% price inflation; 3.25% wage inflation
Salary Increase	3.25% to 7.15% including wage inflation
Investment rate of return	7.25%, net of investment expenses

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were RP-2014 employee's mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017.

Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 29, 2020 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Discount Rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that the City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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Changes in the Net Pension Liability. The following table shows the components of the changes in the net pension liability for the year:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2019	$544,067,704	$474,068,955	$69,998,749
Changes for the year			
Service Cost	8,812,673	-	8,812,673
Interest	38,699,404	-	38,699,404
Difference between expected and actual experience	(1,634,804)	-	(1,634,804)
Changes in assumptions	-	-	-
Contributions – employer	-	13,630,050	(13,630,050)
Contributions – employee	-	2,925,479	(2,925,479)
Net investment income	-	6,074,595	(6,074,595)
Benefit payments, including refunds	(29,744,536)	(29,744,536)	-
Administrative expense	-	(302,539)	302,539
Other (net transfer)	-	(1,027,620)	1,027,620
Net changes	16,132,737	(8,444,571)	$24,577,308
Balances at 6/30/2020	$560,200,441	$465,624,384	$ 94,576,057

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower at 6.25% or one percentage point higher at 8.25% than the current rate.

	1% Decrease 6.25%	**Current Single Discount Rate Assumption 7.25%**	**1% Increase 8.25%**
Net Pension Liability	$170,871,387	$94,576,057	$31,369,868

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2020 the City recognized pension expense of $19,651,065. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected & actual plan experience	$6,593,929	$(2,733,036)
Changes in assumptions	1,233,055	--
Difference between expected & actual investment earnings	12,011,507	--
Total	$19,838,491	$(2,733,036)

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2021	$82,450
2022	3,542,995
2023	7,115,532
2024	6,336,488
2025	25,558
Thereafter	2,432
	$17,105,455

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Certain deferred inflows and outflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement periods. The differences on investment returns are being amortized over a closed 5-year period, beginning at the start of each measurement period.

The most recent actuarial report received by the City relating to the City's contribution to LAGERS is attached to the Official Statement as **Appendix E**.

Post-Employment Health Benefits

Note: The information under the heading "Post-Employment Health Benefits" has been excerpted from the notes to the City's audited financial statements for the Fiscal Year ended June 30, 2020 which are included in Appendix B hereto.

In addition to LAGERS, the City provides post-employment healthcare benefits (**"OPEB"**) to all retired employees meeting the service criteria for this benefit. From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in a future year when it actually will be paid. In Fiscal Year 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaced the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed, and the total OPEB liability was recorded in accordance with GASB Statement No. 75.

Plan Description. The City's defined benefit OPEB plan, a single–employer health care plan provides OPEB for all active and retired employees and their eligible dependents. The plan is administered by the City and the City Council has the authority to establish or amend the plan provisions or contribution requirements at any time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

Benefits Provided. The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to retired employees who participate in LAGERS. The benefits are self-insured by the City, and administered through Cigna (Open Access Plan 1 and 2). The benefits for Medicare retirees are covered under a fully-insured stand-alone plan.

Contributions. Coverage is available for the lifetime of the retiree and their spouses upon payment of required retiree contribution premiums which includes an adjustment when the retiree becomes eligible to participate in the Medicare program. The City establishes rates based upon an actuarially determined rate. The contribution requirement for plan members is split between the retiree and the City at percentages that are comparable to active City employees, and may be amended at any time by the City Council. For the Fiscal Year ended June 30, 2020, the premiums were split as follows:

Insurance Plan	Retiree Premium	City Premium
Open Access Plan 1	20.00%	80.00%
Open Access Plan 2	18.00%	82.00%
Medicare Stand-Along Plan	20.00%	80.00%

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Participants. The number of participants that either are, or potentially could be, covered by the City's plan, as of January 1, 2020, which is the effective date of the current OPEB actuarial valuation, is listed below. There have been no significant changes in the number of covered participants or the type of coverage since that date.

Active Employees (not including dependents)	888
Retirees & covered spouses of retirees (not including dependents)	840
Total Participants	1,728

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Changes in the Total OPEB Liability. The following table shows the components of the changes in the total OPEB liability for the year:

OPEB Liability Changes	
Total OPEB Liability - Beginning of the year	$187,603,148
Service Cost	5,117,074
Interest	5,675,902
Changes in Benefit Terms	(64,032)
Difference between actual & expected experience	(2,415,214)
Changes in assumptions & inputs[(1)]	15,655,275
Employer Contributions (Benefit Payments)	(7,047,000)
Net Changes	16,922,005
Total OPEB Liability - End of the year	$204,525,153
Covered payroll	$61,654,203
Total OPEB liability as a % of covered payroll	331.73%

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.
(1) The change in assumptions & inputs is the result of the change in the discount rate.

Total OPEB Liability. The City's total OPEB liability of $204,525,153 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Valuation Date:	January 1, 2020, rolled forward to June 30, 2020
Measurement Date:	June 30, 2020
Discount Rate:	2.60% Measurement Date 3.00% Year Preceding Measurement Date The discount rate was based on the average of the published yields from the S & P Municipal Bond 20 Year High Grade and the Fidelity GO AA-20 Year Indexes
Salary Scale:	2.00%
Actuarial Cost Method:	Entry Age - Level Percent-of-Pay
Inflation:	3.00%
Healthcare Cost Trend Rate:	7.50% decreasing annually until 4.50% is reached
Retiree's Share of Benefit Related Costs:	Retirees must contribute a stipulated percentage of the plan premiums to maintain coverage. The monthly contribution rates as of January 1, 2020 served as a starting point for the valuation, and were assumed to increase at the same rate of health care costs in the future. Effective January 1, 2020, the Medicare eligible retirees were covered under a fully-insured, stand-alone program. Retirees will still be required to contribute a stipulated percentage of the plan premiums to this program.
Mortality Rates:	The mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount - Weighted General and Public Safety Mortality Tables with Scale MP-2020 Full Generational Improvement

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, calculated using the discount rate of 2.60%, as well as what the total OPEB liability would be using a discount rate that is 1 percentage point lower at 1.60% or one percentage point higher at 3.60% than the current rate.

		Current Single Discount	
	1% Decrease 1.60%	**Rate Assumption 2.60%**	**1% Increase 3.60%**
Total OPEB Liability	$241,505,086	$204,525,153	$175,395,719

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rates of 7.50% decreasing annually to 4.50% in 2029.

	Current Healthcare Cost Trend Rate		
	1% Decrease 6.50%	Current Trend Rate 7.50%	1% Increase 8.50%
Total OPEB Liability	$171,987,463	$204,525,153	$246,919,046

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB. At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Differed Outflows of Resources	Differed Inflows of Resources
Difference between expected and actual experience	$5,439,551	$(1,976,084)
Changes in assumptions	15,823,199	--
Contributions subsequent to the measurement date	--	--
	$21,262,750	$(1,976,084)

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

Amounts currently reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

Fiscal Year Ending	Amount
2021	$4,916,855
2022	4,916,855
2023	4,695,230
2024	3,554,085
2025	1,203,641
2025 & Thereafter	-
	$19,286,666

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

The most recent actuarial report received by the City relating to the projected OPEB is attached to the Official Statement as **Appendix F**.

Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, there are a number of claims and/or lawsuits to which the City is a party as a result of certain law enforcement activities, injuries, and various other matters and complaints arising in the ordinary course of City activities. The City is entitled to the defense of sovereign and official immunity against tort action that provides immunity except in two areas – motor vehicles and the condition of property of governmental entities. The City carries commercial property, boiler and machinery, liability, and flood insurance, and settlements have not exceeded insurance coverage for each of the past three fiscal years.

Up until March 31, 2019, the City was a member of the Missouri Public Entity Risk Management Fund (**"MOPERM"**), which is a risk pool that provides liability protection to participating Missouri public entities, their officials, and employees. Coverage lines included law enforcement liability, general liability, public official errors and omissions liability, and automobile liability. The City joined MOPERM in 1987. This liability insurance program transfers the risk of liability claims up to the State's Sovereign Immunity Statute coverage limits.

Beginning April 1, 2019, the City left MOPERM and joined the States Risk Retention Group (**"States Risk"**), which is a member-owned company providing excess liability insurance to cities, counties, school districts, and other public entities across the country. States Risk is a risk retention program whereby the City assumes the first $150,000 of each liability claim for the 2020 policy year. This amount increases to $200,000 for the 2021 policy year, and will be at the end goal of $250,000 deductible per claim starting in the 2022 policy year. The liability limits with States Risk are $10,000,000 each occurrence/policy aggregate.

The City is self-insured for workers' compensation, but carries an excess coverage insurance policy, limited to $3,000,000 per occurrence for workers' compensation claims in excess of $1,000,000 per occurrence. In order to maintain this self-insured status for workers' compensation, the State of Missouri requires the City to maintain a surety bond in the amount of $2,320,000 and an escrow account in the amount of $200,000. The escrow account of $200,000 is reflected as restricted assets in the Workers' Compensation Fund. Estimated workers' compensation claims incurred but not reported are accrued as liabilities in the City's Workers' Compensation Fund.

The City offers its employees and retirees contributory self-insurance healthcare plans (Staywell Open Access Plan, Staywell In-Network Plan and the Post-65 Retiree Medicare Plan). An excess coverage insurance policy covers the portion of specific claims in excess of $275,000 and aggregate claims in excess of $24,731,274 for the open access plan and for the in-network plan. For Fiscal Year 2020, the City's share of the premiums for this employee benefit was $16,948,403. For the Staywell Health Care Plan, the premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the Staywell Health Care (Internal Service) Fund. Incurred but not reported medical, vision, and prescription claims are accrued as a liability in the Internal Service Fund. For the Post-65 Retiree Medicare Plan, the premiums paid by the City are recorded as expenditures/expenses of the various funds and remitted to Cigna.

Changes in the balances of the workers' compensation and health care claims liability during the last two years for which audited financial statements are available are as follows:

	Claims Payable			
	Workers' Compensation		**Staywell**	
	2019	**2020**	**2019**	**2020**
Beginning of year	$5,720,581	$7,701,309	$2,193,243	$2,195,626
Current year claims and changes in estimates	8,387,470	7,492,773	23,794,406	21,318,990
Claims payments	(6,406,742)	(7,348,992)	(23,792,023)	(21,465,316)
End of year	$7,701,309	$7,845,090	$2,195,626	$2,049,300

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

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DESCRIPTION OF THE SEWER SYSTEM

Description of the Sanitary Sewer System and Stormwater System

The Water Pollution Control Department's (the **"Department"**) purpose is to protect the public health from the spread of waterborne disease and to abate or reduce pollution for the protection of the City's water resources.

The Department maintains over 618 miles of sanitary sewer by daily pressure cleaning, root sawing, minor repair or major rehabilitation. The City's sewers carry almost 20 million gallons of wastewater each day. The average depth of the sanitary sewers is greater than 8 feet below ground (the deepest sewer line is more than 70 feet underground). The sewer system is inspected by pulling video cameras through the lines to detect any damage. Minor damage caused by settling soil, roots, chemical deterioration or simply old age, can sometimes be repaired without digging (trenchless technology). Major repairs however, may require deep excavation and pipe replacement. In addition, Water Pollution Control administers rehabilitation projects each year to correct problems of aging or over loaded sewers (some of the City's sewers are over 100 years old). The Department operates and maintains the City's wastewater treatment plant, a secondary biological treatment facility that is designed to treat 10 million gallons per day ("MGD"). The other 10 MGD of wastewater carried by the City's sewers is treated primarily by the Little Blue Valley Sewer District, with a small portion flowing to the system operated by Kansas City, Missouri.

The Department also maintains the City's separate storm water sewers and catch basins, which convey runoff from yards, parking lots and streets to the natural waterways that flow throughout the City. There are over 235 miles of storm sewer pipe and over 13,500 structures in the City. Though not as deep as sanitary sewers, storm sewers require constant maintenance and cleaning due to the impact of the Midwest's weather conditions. In addition to the daily maintenance and cleaning, the department performs sampling and testing of storm water and enforces the City's storm water management program for compliance with storm water regulations.

There are 57 employees who clean, repair and plan for the replacement projects for the City's sanitary and storm water sewers.

Organization

The Department consists of four Divisions: (1) Administration; (2) Environmental Services; (3) Collection Systems and Facilities Maintenance; and (4) Storm Water.

Administration Division - The Administration Division is responsible for the general administration of the Sanitary Sewer Utility and Storm Water Management Program.

Environmental Services Division - The Environmental Services Division operates and maintains the department's wastewater treatment facilities and laboratory services. This division is responsible for compliance with the National Pollutant Discharge Elimination System (NPDES) permit and all associated testing and reporting. This division works with residential and commercial customers to enforce environmental and water quality ordinances.

Collection System Maintenance Division - The Collection System Maintenance Division is responsible for maintenance and repair of the 618 miles of sanitary sewers and approximately 235 miles of storm water sewers as well as construction of new infrastructure. This division operates and maintains the City's pump stations.

Stormwater Division - The Stormwater Division manages stormwater capital projects, maintains and repairs the stormwater system, constructs new systems, and is responsible for compliance with the state operating permit for the Independence Municipal Separate Storm Sewer System.

The Department is also provided with support from other departments of the City. These services include customer service, purchasing, accounting, legal, and other administrative-type services. For Fiscal Years 2020 and 2021, the Department was billed $1,244,502 and $1,244,502, respectively, by the City for City-provided services.

Management

The key managerial staff of the Department and a brief summary of their professional backgrounds are listed as follows:

Lisa Phelps, Director, was appointed in 2015. She holds a B.S. in Management/Computer Information Systems from Park University, a Missouri Class 'A' Wastewater Operator's License, Missouri Class 'C' Drinking Water Treatment License and Missouri Class 'DS III' Distribution License.

Michael Jackson, Deputy Director, was appointed to the position in 2018. He holds a BA in Environmental Studies from the University of Kansas, an MPH from the University of Illinois, and a Missouri Class 'D' Wastewater Operator's License.

Denise Messina, Utility Accounting Manager, was appointed to this position in 1991 and previously served as the City's Assistant Controller since 1988. Ms. Messina came to the City after serving as Chief Accountant with the Missouri Water Company since 1982. Ms. Messina holds a B.S. in Business Administration from the University of Missouri.

Karla Pierce, Environmental Services Manager, was appointed in 2014. She holds a B.A with emphasis in biology, geology and chemistry from Wichita State University and Missouri Class 'A' Treatment Licenses in Wastewater and Water.

Richard Kemple, Collection System Manager, was appointed to the position in 2015. He holds a B.S. in Electronics Engineering Technology and an MBA from DeVry University.

Collection System

The public collection system is maintained by the Collection System Maintenance Division. This division's employees maintain over 618 miles of sewer line from 8 inches to 60 inches in diameter. Additionally, there are over 14,900 manholes in the system that require maintenance.

The wastewater community in the City contributes approximately 20 MGD of wastewater to the sewer system. This contribution is equivalent to using 172 gallons per capita per day. The sewer system, operating largely by gravity, is divided approximately in half between two treatment facilities. Flow from the eastern half of the City, by contract and by state statute, goes to the Little Blue Valley Sewer District. The western half flows to the City-owned and operated Rock Creek Wastewater Treatment Facility. A minor portion of the City's western wastewater flows to Kansas City, and a minor portion of Kansas City's wastewater flows to the City. Additionally, the majority of the City of Sugar Creek's wastewater flows to the Rock Creek Plant.

The collection system is in considerably better condition today than a decade ago. The improved condition has been the result of activities to eliminate inflow and infiltration, as well as the repair and replacement of sewer lines and manholes.

Ten employees in this division are dedicated to the cleaning and repairing of the 235 miles of storm water sewers, catch basins, and culverts. An additional four employees maintain the City's pump stations and all other mechanical and electrical equipment Department wide.

Wastewater Treatment

Fourteen employees operate and maintain the City's Rock Creek Wastewater Treatment Facility. The facility is operated around the clock and residential and industrial wastewater is pumped through a series of settling and accelerated biological processes that purify the wastewater and remove solid particles. The solids undergo de-watering processes and are finally landfilled. There are thirteen separate processes in the treatment system and each requires constant sampling and testing for operational control and reporting to environmental agencies. The Rock Creek Wastewater Treatment Facility is designed to treat an average daily dry weather flow of 10 MGD of wastewater.

The Rock Creek Wastewater Treatment Facility was dedicated in 1978. A significant amount of equipment has completed life expectancy and has been replaced or rehabilitated according to planning schedules. Staff continues to gradually replace old equipment on various units of process. The degree of this activity is best reflected in the City's Capital Budget.

Three employees are responsible for sampling and testing processes in the plant, all major industry, and for measurement, testing and reporting flows throughout the sanitary sewer and stormwater systems. Three employees are responsible for environmental programs (industrial pretreatment; fats, oils, and grease, etc.), outreach and education, and enforcing water quality ordinances.

The Rock Creek Wastewater Treatment Facility received the NACWA Peak Performance Award for the year 2012 and for the years 2014 through 2019 and the Burke Award for safety from the Water Environment Federation for the years 2011 and 2017.

Financial Data

The principal source of revenue of the Sewer Fund to meet costs of providing sanitary sewer services is derived from rates and charges for service. These are tied directly to water usage. Other sources of income are derived from penalties for late payment, interest income, and other miscellaneous charges. Analysis of historical trends provides a reasonable basis for projection of customers served, their water use, and the potential revenues to support future operations.

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Customers Served

The following table provides information relating to the customers of the Department, usage amounts and revenues received by the Department:

Historical Customers, Usage and Revenues

Customer Classification	Year Ended June 30, 2017	2018	2019	2020	2021 [(1)]
			Number of Customers		
Residential	41,261	41,581	41,644	41,739	42,016
Commercial	3,478	3,516	3,177	3,508	3,469
Contract Sales	16	18	9	9	9
Total	44,755	45,115	44,830	45,256	45,494
			Usage – 100 Cubic Feet		
Residential	2,434,258	2,549,815	2,405,756	2,368,366	2,778,328
Commercial	1,640,324	1,555,670	1,421,035	1,430,604	1,324,610
Total	4,074,582	4,105,485	3,826,791	3,798,969	4,102,938
			Revenue $		
Residential	$12,340,133	$14,001,286	$15,766,174	$17,582,711	$19,705,726
Commercial	5,903,198	6,221,026	7,080,859	7,567,127	8,385,352
Contract Sales	336,080	274,865	32,149	384,504	341,767
Intermunicipal Agreements	810,566	885,639	979,294	1,099,775	1,137,276
Other Revenues	266,493	265,899	38,067	169,950	121,030
Regulatory Compliance	6,451,942	6,462,642	6,797,098	6,442,928	5,955,820
Total	$26,108,412	$28,111,357	$30,693,641	$33,246,995	$35,646,971

(1) Unaudited numbers provided by City Staff on a cash basis.

Large Volume Customers (Fiscal Year End 2020)

Customer Name	Usage (1,000 Gallons)	Sales (Dollars)	Percentage of Total Sales
BP Amoco	46,312	$356,856	1.07%
Unilever	44,662	310,823	0.93
City of Indep. Power & Light	28,616	115,489	0.35
Independence Center LLC	19,502	103,052	0.31
CenterPoint Medical Center	16,907	91,859	0.28
Independence Housing Authority	16,529	91,246	0.27
Highland Park Investors	11,768	64,561	0.19
YES Companies	10,320	56,686	0.17
Green Lantern	9,699	54,413	0.16
Space Center of KC	9,338	50,916	0.15
Total	213,653	$1,295,901	3.90%

Usage Volume: Total usage volumes increased slightly from 2017 to 2021, although inconsistently, with positive and negative fluctuations between 0.75 percent and 8.0 percent from year to year. The total increase across the timeframe is equal to 6.4 percent. Usage volumes are shown in the previous table.

Revenues: As shown in the previous table, revenues increased an average of 9.1 percent annually from 2017 to 2021. A schedule of rate increases contributed to the increase in revenues.

Operations and Maintenance Expenses: Operations and maintenance expenses for the period 2017 to 2021 are shown on the following table:

Historical Operation and Maintenance Expense

	Year Ended June 30,				
Description	**2017**	**2018**	**2019**	**2020**	**2021 (1)**
Collection	$2,937,533	$2,933,794	$2,895,030	$3,121,932	$3,246,114
Laboratory Services (2)	255,770	272,593	235,468	672,628	757,248
Treatment & Disposal	10,054,113	10,587,290	10,324,491	9,887,882	10,381,721
Administrative & General	3,987,850	4,116,596	3,851,991	5,011,318	4,820,811
Total	$17,235,266	$17,910,273	$17,306,980	$18,693,760	$19,205,894

(1) Unaudited numbers provided by City Staff on a cash basis.
(2) Increases in "Laboratory Services" amounts shown for Fiscal Year 2020 and 2021 are due to costs of adding personnel in a new "Designated Environmental Division" of the Department that focuses on enforcing local ordinances and collaboration with state and federal environmental agencies and organizations including the Environmental Protection Agency and the Missouri Department of Natural Resources.

Debt Service Coverage

Revenues, expenses, and debt service payments during the years shown below are summarized in the following table for purposes of displaying the debt service coverage ratio:

Year Ended 30-Jun	Gross Revenues	Operating Expenses (1)	Net Revenue	Debt Service Requirements	Coverage Ratio
2017	$26,286,812	$16,173,501	$10,113,311	$6,272,756	1.61
2018	29,006,929	17,251,859	11,755,070	6,272,308	1.87
2019	30,839,962	17,126,837	13,713,125	6,272,537	2.19
2020	34,488,587	17,742,410	16,746,177	6,275,258	2.67
2021 (2)	36,471,650	19,313,283	17,158,367	6,275,631	2.73

(1) Operating expenses excludes depreciation, interest expense, amortization, non-operating expenses, OPEB, net pension expense (GASB 68), and payments in lieu of taxes.
(2) Unaudited numbers provided by City Staff on a cash basis.

Debt Service on Bonds Payable from Appropriations of Available Sewer Revenues

The following table shows the debt service (both principal and interest) for each fiscal year of the City for all obligations backed by an annual appropriation pledge of Available Sewer Revenues:

Fiscal Year Ended 30-Jun	Series 2014C	Series 2021A *	Series 2021B *	Total
2022	$1,069,200.00	$639,375.00	$418,740.58	$2,127,315.58
2023	1,066,350.00	2,157,000.00	2,901,734.75	6,125,084.75
2024	1,069,600.00	2,208,375.00	2,945,743.00	6,223,718.00
2025	1,066,975.00	2,205,750.00	2,940,191.50	6,212,916.50
2026	1,071,325.00	2,210,125.00	2,934,116.25	6,215,566.25
2027	1,067,850.00	2,206,375.00	2,937,893.25	6,212,118.25
2028	1,068,937.50	2,204,500.00	2,937,007.75	6,210,445.25
2029	1,069,500.00	2,209,125.00	2,931,342.75	6,209,967.75
2030	1,069,537.50	2,205,125.00	2,936,476.00	6,211,138.50
2031	1,068,768.75	2,207,375.00	2,933,388.00	6,209,531.75
2032	1,067,184.38	2,205,625.00	2,942,009.00	6,214,818.38
2033	1,069,965.63	2,204,750.00	2,932,251.50	6,206,967.13
2034	1,067,112.50	2,214,250.00	2,938,959.00	6,220,321.50
2035	1,068,625.00	2,209,000.00	2,941,815.50	6,219,440.50
2036	1,068,400.00	2,209,000.00	2,940,701.00	6,218,101.00
2037	1,071,300.00	2,208,875.00	2,940,434.00	6,220,609.00
2038	1,073,200.00	0.00	2,935,706.00	4,008,906.00
2039	1,069,200.00	0.00	2,942,340.00	4,011,540.00
2040	1,069,300.00	0.00	0.00	1,069,300.00
2041	1,073,300.00	0.00	0.00	1,073,300.00
2042	1,071,200.00	0.00	0.00	1,071,200.00
2043	3,341,700.00	0.00	0.00	3,341,700.00
2044	6,273,000.00	0.00	0.00	6,273,000.00
Totals	$32,071,531.26	$33,704,625.00	$50,330,849.83	$116,107,006.09

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* Preliminary, subject to change.

Capital Improvement Program

The Department annually develops a six-year capital improvement program. The capital improvement program for the Sewer System for the next six years is described in the City's Capital Improvement Program 2021-2027. Certain Sewer System projects outlined in the program are described below:

Trenchless Pipe Lining. This is an ongoing project utilizing trenchless technology to identify deteriorated sanitary sewer pipe and line deteriorated sections without removal of the existing pipe. Locations are determined on an annual basis.

Flood Prevention. Department staff plans to implement a program to identify sanitary sewer pipes and Sewer System infrastructure City-wide that is at risk of flooding and erosion from waterways. This project will fund identification and relocation of these mains.

Re-Routing of Certain Sewer Mains. This is a long-term project involving re-routing sanitary sewer flows that currently cross under Interstate Highway 70 from area southwest of Interstate Highway 70 and Noland Road to reduce capacity issues. Eliminating a sanitary sewer pipe crossing underneath of Interstate Highway 70 will reduce the risk of pipe failure, and improving capacity in the sanitary mains north of Interstate Highway 70 will improve operations upstream.

Pump Station Preventative Maintenance. Department staff has evaluated the current conditions of the 17 existing pump stations that are part of the Sewer System and has begun priority rating of preventative maintenance and pump station improvements to address problems early to avoid additional costs.

Rock Creek Pump Station Improvements. Pre-treatment upgrades to the Rock Creek Pump Station, which manages approximately 60 percent of the waste stream for the Rock Creek Wastewater Treatment Facility, will improve grit removal from the sanitary sewer waste stream resulting in pump station and treatment plant efficiencies. Removal of grit at pump stations instead of later in the treatment process will reduce power required to pump effluent.

Sugar Creek Pump Station Improvements. Pre-treatment upgrades to the Sugar Creek Pump Station, which manages approximately 40 percent of the waste stream for the Rock Creek Wastewater Treatment Facility, will improve grit removal from the sanitary sewer waste stream resulting in pump station and treatment plant efficiencies. Removal of grit at pump stations instead of later in the treatment process will reduce power required to pump effluent.

Variable Flow Drive (VFD) Replacement. Certain pump stations will receive replacement variable flow drives which regulate the pumps, increasing efficiency. At this time, certain VFDs are nearing the end of their service lives. Timely replacement will avoid malfunction or shutdown of the VFDs.

Rock Creek Wastewater Treatment Facility – Piping Evaluation. Department staff has begun the process of evaluating piping throughout the Rock Creek Wastewater Treatment Facility. Certain lines are nearing the end of their service life without some level of preventative maintenance. Each piping system has been prioritized for repair, rehabilitation, or replacement.

Rock Creek Wastewater Treatment Facility – Dissolved Air Flotation (DAF). This project involves the removal of DAF tanks and the installation of new system. DAF is necessary to help thicken sludge to reduce the amount of water content for further processing. The current DAF tanks are experiencing leaks and corrosion. Also, the DAF discharge pumps are approaching the end their service life and will be replaced. As part of this replacement, Department staff will evaluate other alternates which may be more effective at sludge thickening.

Rock Creek Wastewater Treatment Facility – Nutrient Removal. This project involves the design and construction of a nutrient removal system for the Rock Creek Wastewater Treatment Facility. Removal will include reductions in both nitrogen and phosphorus. The Rock Creek Wastewater Treatment Facility will undergo its next National Pollutant Discharge Elimination (NPDES) cycle in Fiscal Year 2025. Department staff anticipates that maximum total daily limits will be applied for nitrogen and phosphorus, requiring improvements to achieve reductions.

Rock Creek Wastewater Treatment Facility – Clarifiers. This project involves rehabilitation of the primary and secondary clarifier rake arms and weir replacement. Typical maintenance operations include painting of the rake arms to reduce the potential for corrosion. Additional maintenance to the rake arms may include structural repairs to ensure the arms do not bind and create damage to the assembly. This project will also replace the weirs as structural deficiencies in the weir will reduce clarifier efficiencies.

Sanitary Sewer Evaluation Survey. This project, planned for Fiscal Year 2023, will include flow metering and smoke testing to help reduce inflow and infiltration of groundwater and stormwater into the sanitary sewer collections system. As part of collections systems upkeep, sanitary sewer evaluation surveys are used to help reduce infiltration and inflow from stormwater runoff and groundwater. Based on survey findings, rehabilitation or pipe replacement can be determined and programmed.

The costs of planned capital improvements for the Sewer System for the next six fiscal years is as follows:

Fiscal Year Ending June 30	**Cost of Planned Capital Improvements**
2022	$3,937,500
2023	3,878,900
2024	3,978,750
2025	4,308,000
2026	3,977,000
2027	4,000,000

The Department currently operates on a Utility Assessment and Master Plan produced in 2008 (the "Master Plan"). The City has engaged HDR Engineering, Inc., to begin the process of producing an update to the Master Plan, including an updated base model using sewer maps and information regarding modifications to the Sewer System, flow projections based on flow meter and rain gauge data and a 5-year storm intensity event model, hydraulic analysis to identify bottlenecks in the Sewer System, analysis of historical backups and overflows, capacity evaluation and growth planning. The Department does not currently have an anticipated date for completion of such project.

Employee Relations

The Department currently has 74 full time positions, 53 are hourly, represented personnel engaged in sanitary and stormwater collection, wastewater treatment, and environmental compliance, and 21 are performing other professional, administrative, or supervisory duties.

Most hourly employees at the department are represented by the International Brotherhood of Electrical Workers Local No. 53 (IBEW). There have been no work stoppages, slowdowns, or strikes.

Consent Decree

Under the terms of a consent decree filed on March 31, 2009, between the United States of America, the United States Environmental Protection Agency (**"EPA"**) and the City related to operation of the City's sewer utility, the City agreed to pay a penalty of $255,000 and spend an additional $450,000 on a supplemental environmental project to improve storm water detention and stabilize stream banks. As part of the settlement, the City also agreed to make various improvements to its sanitary sewer system at an estimated cost of $35 million to $39 million. The improvements were completed in 2015. The consent decree also imposed various reporting and other requirements on the City. The consent decree and resulting penalties and requirements for improvements to the City's Sewer System resulted from alleged violations of the Clean Water Act documented by the EPA.

In a related settlement agreement between the Missouri Department of Natural Resources, the Missouri Attorney General and the City, the State agreed to issue an operating permit to the City for the Rock Creek Wastewater Treatment Facility in exchange for the City agreeing to the timing of certain design, construction and performance timelines for improvement of the facility. The timelines were the same as those established under the consent decree. Costs for plant improvements, including nitrogen removal and disinfection, totaled $24,618,027. The current operating permit expires in July of 2024.

At this point, the City has completed all improvements in the times mandated by the consent decree and settlement agreement. The consent decree was terminated by court order in July of 2016. The City is no longer subject to any reporting or oversight requirements relating to the consent decree or the settlement agreement.

*   *   *

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020

APPENDIX C

DEFINITIONS OF WORDS AND TERMS
AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Missouri Development Finance Board
Jefferson City, Missouri

Morgan Stanley & Co. LLC
New York, New York

City of Independence, Missouri
Independence, Missouri

UMB Bank, N.A., as Trustee
Kansas City, Missouri

Re: $________ Missouri Development Finance Board, Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Annual Appropriation Sewer System Revenue Bonds), Series 2021A; $________ Missouri Development Finance Board, Taxable Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Annual Appropriation Sewer System Revenue Bonds), Series 2021B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Missouri Development Finance Board (the "Board"),

of its Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Annual Appropriation Sewer System Revenue Bonds), Series 2021A (the "Series 2021A Bonds") and its Taxable Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Annual Appropriation Sewer System Revenue Bonds), Series 2021B (the "Series 2021B Bonds," and together with the Series 2021A Bonds, the "Bonds"). The Bonds have been authorized and issued under and pursuant to Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the "Act"), and a Bond Trust Indenture dated as of October 1, 2021 (the "Indenture"), between the Board and UMB Bank, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

The proceeds of the Bonds will be used by the Board to make a loan to the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City"), pursuant to a Financing Agreement dated as of October 1, 2021 (the "Financing Agreement") between the Board and the City.

Reference is made to an opinion of even date herewith of the City Counselor of the City, with respect to, among other matters, (a) the power of the City to enter into and perform its obligations under the Financing Agreement and the Tax Compliance Agreement, (b) the passage and effectiveness of the Authorizing Ordinance; and (c) the due authorization, execution and delivery of the Financing Agreement and the Tax Compliance Agreement by the City and the binding effect and enforceability thereof against the City.

In our capacity as Bond Counsel, we have examined a certified transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following:

(i) the Indenture;

(ii) the Financing Agreement; and

(iii) the Tax Compliance Agreement.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Bonds and the authorization, execution and delivery of the Indenture, the Financing Agreement and the Tax Compliance Agreement.

Based upon such examination, we are of the opinion as of the date hereof, as follows:

1. The Board is a duly organized and validly existing body corporate and politic of the State of Missouri and has full power and authority to enter into, execute, deliver and perform the obligations under the Indenture, the Financing Agreement and the Tax Compliance Agreement and to issue and sell the Bonds.

2. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri, including the Act.

3. The issuance of the Bonds has been duly authorized by the Board. The Bonds are valid and legally binding limited obligations of the Board according to the terms thereof, payable as to principal and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate, all in the manner provided in the Indenture. The Bonds do not constitute a debt of the State of Missouri or any other political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. The Board has no taxing power.

4. The Indenture, the Financing Agreement and the Tax Compliance Agreement have been duly authorized, executed and delivered by the Board and are valid and legally binding agreements of the Board, enforceable in accordance with the respective provisions thereof.

5. The interest on the Series 2021A Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State of Missouri, and (iii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are 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 2021A 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 of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2021A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021A Bonds. The Series 2021A Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

6. The interest on the Series 2021B Bonds is exempt from income taxation by the State of Missouri.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Tax Compliance Agreement and the Financing Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter created and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion regarding the accuracy, completeness or sufficiency of any offering material relating to the Bonds, except as otherwise expressly stated. Further, we express no opinion regarding the tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

APPENDIX E

ACTUARIAL REPORT OF
GRS RETIREMENT CONSULTING

APPENDIX F

ACTUARIAL REPORT OF
LEWIS & ELLIS INC.

APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING