
**MISSOURI DEVELOPMENT FINANCE BOARD,
as Board**

and

**CITY OF INDEPENDENCE, MISSOURI,
as City**

SERIES 2021 SUPPLEMENTAL FINANCING AGREEMENT

Dated as of November 1, 2021

Relating to

**[\$[Principal Amount]
Missouri Development Finance Board
Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri - Events Center Project)
Series 2021**

Certain rights, title and interest of the Missouri Development Finance Board in this Series 2021 Supplemental Financing Agreement have been pledged and assigned to UMB Bank, N.A., Kansas City, Missouri, as successor Trustee under a Bond Trust Indenture dated as of April 1, 2008 as supplemented and amended, including by a Series 2021 Supplemental Bond Trust Indenture dated as of November 1, 2021, all between the Board and the Trustee.

SERIES 2021 SUPPLEMENTAL FINANCING AGREEMENT

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SERIES 2021 SUPPLEMENTAL FINANCING AGREEMENT

THIS SERIES 2021 SUPPLEMENTAL FINANCING AGREEMENT, dated as of November 1, 2021 (“Series 2021 Supplemental Financing Agreement”), between the **MISSOURI DEVELOPMENT FINANCE BOARD**, a body corporate and politic organized and existing under the laws of the State of Missouri (the “Board”), and the **CITY OF INDEPENDENCE, MISSOURI**, a constitutional charter city and political subdivision of the State of Missouri (the “City”);

WITNESSETH:

WHEREAS, the Board is authorized and empowered under the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (“Act”), to issue revenue bonds for the purpose of providing funds to finance and refinance the costs of certain “projects” as defined in the Act (which includes “infrastructure facilities” as defined in the Act) and to pay certain costs related to the issuance of such revenue bonds; and

WHEREAS, the City has requested that the Board assist in the refinancing of a portion of the Project described herein through the issuance of the Board’s Infrastructure Facilities Revenue Bonds, being described as the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2021, in the original principal amount of \$[Principal Amount] (the “Series 2021 Bonds”); and

WHEREAS, the Board previously has assisted in the financing and refinancing of the Project through the issuance of the Board’s Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2008D, in the original principal amount of \$12,325,000 (the “Series 2008D Bonds”), its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2008H, in the original principal amount of \$10,725,000 (the “Series 2008H Bonds”), its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2009A, in the original principal amount of \$15,190,000 (the “Series 2009A Bonds”), its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2009F, in the original principal amount of \$44,045,000 (the “Series 2009F Bonds”), its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2010A, in the original principal amount of \$2,950,000 (the “Series 2010A Bonds”), its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2011A in the principal amount of \$11,815,000 (the “Series 2011A Bonds”), its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2012C in the principal amount of \$68,945,000 (the “Series 2012C Bonds”), and its Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2016A in the principal amount of \$12,005,000 (the “Series 2016A Bonds”); and

WHEREAS, the governing body of the Board passed and approved a Resolution on September __, 2021, authorizing the Board to issue the Series 2021 Bonds pursuant to the Bond Trust Indenture dated as of April 1, 2008, as supplemented and amended by a Series 2008H Supplemental Bond Trust Indenture dated as of November 1, 2008, a Series 2009A Supplemental Bond Trust Indenture dated as of February 1, 2009, a Series 2009F Supplemental Bond Trust Indenture dated as of April 1, 2009, a Series 2010A Supplemental Bond Trust Indenture dated as of March 1, 2010, a Series 2011A Supplemental Bond Trust Indenture dated as of November 15, 2011, a Series 2012C Supplemental Bond Trust Indenture dated as of October 15, 2012, a Series 2016A Supplemental Bond Trust Indenture dated as of July 1, 2016, and a Series 2021 Supplemental Bond Trust Indenture of even date herewith (collectively,

the “Indenture”) between the Board and UMB Bank, N.A., as successor to Commerce Bank and as named Trustee; and

WHEREAS, pursuant to such Resolution, the Board is authorized (i) to execute and deliver the Indenture for the purpose of issuing and securing the Series 2021 Bonds, and (ii) to enter into this Series 2021 Supplemental Financing Agreement, under which the Board will loan the proceeds of the Series 2021 Bonds to the City in accordance with the provisions of this Series 2021 Supplemental Financing Agreement to refund the Refunded Bonds, in consideration of payments to be made by the City to the Trustee which are to be sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2021 Bonds as the same become due; and

WHEREAS, the City, by Ordinance No. _____ of the City passed by the City Council on September ____, 2021, approved the issuance of the Series 2021 Bonds and the execution and delivery of certain documents, including this Series 2021 Supplemental Financing Agreement, and directed the City Manager to include in each future budget submitted to the council an appropriation for all payments required under this Series 2021 Supplemental Financing Agreement; and

WHEREAS, pursuant to the foregoing, the Board desires to loan the proceeds of the Series 2021 Bonds to the City, and the City desires to borrow the proceeds of the Series 2021 Bonds from the Board, to be repaid by the City upon the terms and conditions hereinafter set forth, all for the purpose of providing funds to, together with other available moneys, (a) refund, on a current basis, the outstanding Series 2011A Bonds (the “Refunded Bonds”), and (b) pay certain costs related to the issuance of the Series 2021 Bonds and the refunding of the Refunded Bonds; and

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the Board and the City, do hereby represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Capitalized terms not defined in this Series 2021 Supplemental Financing Agreement shall have the meanings set forth in the Indenture.

Section 1.2. Rules of Interpretation. For all purposes of this Series 2021 Supplemental Financing Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Words importing the singular number shall include the plural and vice versa and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

(c) The table of contents hereto and the headings and captions herein are not a part of this document.

(d) Terms used in an accounting context and not otherwise defined shall have the meaning ascribed to them by accounting principles generally accepted in the United States of America.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by the Board. The Board represents and warrants to the City and the Trustee as follows:

(a) *Organization and Authority.* The Board (1) is a body corporate and politic duly organized and existing under the laws of the State of Missouri, and (2) has lawful power and authority to enter into, execute and deliver this Series 2021 Supplemental Financing Agreement and the Indenture and to carry out its obligations hereunder and thereunder, and (3) by all necessary action has been duly authorized to execute and deliver this Series 2021 Supplemental Financing Agreement and all Transaction Documents required to be executed and delivered by it in connection with the issuance of the Series 2021 Bonds (collectively, the “Board Documents”), acting by and through its duly authorized officers.

(b) *No Defaults or Violations of Law.* The execution and delivery of this Series 2021 Supplemental Financing Agreement and the other Board Documents by the Board will not result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Board is a party or by which it or any of its property is bound or its bylaws or any of the constitutional or statutory laws, rules or regulations applicable to the Board or its property.

Section 2.2. Representations by the City. The City represents and warrants to the Board and the Trustee as follows:

(a) *Organization and Authority.* The City (1) is a constitutional charter city and political subdivision duly organized and validly existing under the laws of the State of Missouri, and (2) has lawful power and authority to enter into, execute and deliver this Series 2021 Supplemental Financing Agreement and all other Transaction Documents required to be executed and delivered by it in connection with the issuance of the Series 2021 Bonds (collectively, the “City Documents”) and to carry out its obligations hereunder and thereunder, and (3) by all necessary action has been duly authorized to execute and deliver this Series 2021 Supplemental Financing Agreement and the other City Documents, acting by and through its duly authorized officers.

(b) *No Defaults or Violations of Law.* The execution and delivery of this Series 2021 Supplemental Financing Agreement and the other City Documents by the City will not conflict with or result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the City is a party or by which it or any of its property is bound or its charter, or any of the laws, rules or regulations applicable to the City or its property.

(c) *Public Purpose.* The City believes that the appropriation of revenues to pay its obligations under this Series 2021 Supplemental Financing Agreement is an essential public purpose.

(d) *No Litigation.* To the knowledge of the City, there is no litigation or proceeding pending or threatened against the City or any other person affecting the right of the City to execute this Series 2021 Supplemental Financing Agreement or the other City Documents or the ability of the City to make the Loan Payments or to otherwise comply with the obligations under this Series 2021 Supplemental Financing Agreement or the other City Documents. Neither the execution and delivery of this Series 2021 Supplemental Financing Agreement by the City, nor compliance by the City with its obligations under this Series 2021 Supplemental Financing Agreement require the approval of any regulatory body, or any other entity, which approval has not been obtained.

Section 2.3. Survival of Representations. All representations of the Board and the City contained in this Series 2021 Supplemental Financing Agreement or in any certificate or other instrument delivered by any such entity pursuant to this Series 2021 Supplemental Financing Agreement or any other Transaction Document, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Series 2021 Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations.

ARTICLE III

THE LOAN; PAYMENT OF THE SERIES 2021 BONDS; ISSUANCE OF THE SERIES 2021 BONDS

Section 3.1. Amount and Source of the Loan; Issuance of Bonds. The Board agrees to lend to the City, upon the terms and conditions herein and in the Indenture specified, the net proceeds received by the Board from the sale of the Series 2021 Bonds (the "Loan"). In order to provide funds to make the Loan and refinance Costs of the Project through the refunding of the Refunded Bonds, the Board agrees that it will issue, sell and deliver the Series 2021 Bonds to the Original Purchaser. The proceeds of the sale of the Series 2021 Bonds shall be paid over to the Trustee for the account of the Board and shall be administered, disbursed and applied for the refunding of the Refunded Bonds and other purposes upon the terms and in the manner as provided in the Indenture and in this Series 2021 Supplemental Financing Agreement.

Section 3.2. Loan Payments. Subject to the limitations of **Sections 3.5, 3.7** and **4.1** hereof, the City shall pay the following amounts to the Trustee, all as "Loan Payments" under this Series 2021 Supplemental Financing Agreement:

(a) *Debt Service Fund -- Interest:* On or before 10:00 a.m. on or before the Business Day preceding each April 1 and October 1, commencing April 1, 2022, an amount which is not less than the interest to become due on the next interest payment date on the Series 2021 Bonds; provided, however that the City may be entitled to certain credits on such payments as permitted under **Section 3.3** of this Series 2021 Supplemental Financing Agreement.

(b) *Debt Service Fund - Principal:* On or before 10:00 a.m. on or before the Business Day preceding each April 1, commencing April 1, 2022, an amount which is not less than the next installment of principal due on the Series 2021 Bonds on the next principal payment date by maturity or mandatory sinking fund redemption; provided, however, that the City may be entitled to certain credits on such payments as permitted under **Section 3.3** of this Series 2021 Supplemental Financing Agreement.

(c) *Debt Service Fund - Redemption:* On or before 10:00 a.m. on or before the Business Day preceding the date required by this Series 2021 Supplemental Financing Agreement or the Indenture, the amount of any Net Proceeds or other moneys received which is intended or required to redeem Series 2021 Bonds then Outstanding if the City exercises its right to redeem Series 2021 Bonds under any provision of the Indenture or if any Series 2021 Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Indenture.

Notwithstanding any schedule of payments upon the Loan set forth in this Series 2021 Supplemental Financing Agreement or the Indenture, the City shall make payments upon the Loan and shall be liable therefor at the times and in the amounts (including interest, principal, and redemption premium, if any) equal to the amounts to be paid as interest, principal and redemption premium, if any, whether at maturity or by optional or mandatory redemption upon all Bonds from time to time Outstanding under the Indenture.

Any Supplemental Financing Agreement shall provide for similar deposits into the Debt Service Fund of amounts sufficient to ensure the prompt payment of the principal of, premium, if any, and interest on any Additional Bonds as the same become due.

Unpaid Loan Payments shall bear interest at the Prime Rate. Any interest charged and collected on an unpaid Loan Payment shall be deposited to the credit of the Debt Service Fund and applied to pay interest on overdue amounts in accordance with the Indenture.

The City and the Board each acknowledge that they have no interest in the Debt Service Fund or the Rebate Fund, and any moneys deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Bondowners and the United States of America as provided in the Indenture.

Section 3.3. Credits on Loan Payments. Notwithstanding any provision contained in this Series 2021 Supplemental Financing Agreement or in the Indenture to the contrary, in addition to any credits on the Loan resulting from the payment or prepayment of Loan Payments from other sources:

(a) any moneys deposited (including earnings thereon) by the Trustee in the Debt Service Fund as interest (including moneys received as accrued interest from the sale of the Bonds and any initial deposit of capitalized interest made from the proceeds of the sale of any series of the Bonds) shall be credited against the obligation of the City to pay interest on the Loan as the same becomes due;

(b) any moneys deposited (including earnings thereon) by the Trustee in the Debt Service Fund as principal shall be credited against the obligation of the City to pay the principal of the Loan as the same becomes due in the order of maturity thereof; and

(c) the amount of any moneys transferred by the Trustee from any other fund held under the Indenture and deposited in the Debt Service Fund as interest or principal shall be credited against the obligation of the City to pay interest or principal, as the case may be, as the same become due.

Section 3.4. Additional Payments. Subject to the limitations of **Sections 3.5, 3.7 and 4.1** hereof, the City shall pay the following amounts to the following persons, all as “Additional Payments” under this Series 2021 Supplemental Financing Agreement:

(a) to the Trustee, when due, all reasonable fees and charges for its services rendered under the Indenture, this Series 2021 Supplemental Financing Agreement and any other Transaction Documents, and all reasonable expenses (including without limitation reasonable fees and charges of any Paying Agent, bond registrar, counsel, accountant, engineer or other person) incurred in the performance of the duties of the Trustee under the Indenture or this Series 2021 Supplemental Financing Agreement for which the Trustee and other persons are entitled to repayment or reimbursement;

(b) to the Trustee, upon demand, an amount necessary to pay rebatable arbitrage in accordance with the Tax Compliance Agreement and the Indenture;

(c) to the Board, on the Bond Issuance Date, its regular administrative and issuance fees and charges, if any, and all expenses (including without limitation attorney's fees) incurred by the Board in relation to the transactions contemplated by this Series 2021 Supplemental Financing Agreement and the Indenture, which are not otherwise to be paid by the City under this Series 2021 Supplemental Financing Agreement or the Indenture;

(d) to the appropriate person, such payments as are required (i) as payment for or reimbursement of any and all reasonable costs, expenses and liabilities incurred by the Board or the Trustee or any of them in satisfaction of any obligations of the City hereunder that the City does not perform, or incurred in the defense of any action or proceeding with respect to the Project, this Series 2021 Supplemental Financing Agreement or the Indenture, or (ii) as reimbursement for expenses paid, or as prepayment of expenses to be paid, by the Board or the Trustee and that are incurred as a result of a request by the City, or a requirement of this Series 2021 Supplemental Financing Agreement and that the City is not otherwise required to pay under this Series 2021 Supplemental Financing Agreement;

(e) to the appropriate person, amounts to be paid pursuant to the Tax Compliance Agreement;

(f) to the appropriate person, any other amounts required to be paid by the City under this Series 2021 Supplemental Financing Agreement or the Indenture; and

(g) any past due Additional Payments shall continue as an obligation of the City until they are paid and shall bear interest at the Prime Rate plus 2% during the period such Additional Payments remain unpaid.

Section 3.5. Annual Appropriations. Except as provided in the second paragraph of **Section 4.1**, the City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to this Series 2021 Supplemental Financing Agreement, moneys sufficient to pay all the Loan Payments and reasonably estimated Additional Payments for the next succeeding Fiscal Year. The City shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the 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.

Section 3.6. 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 this Series 2021 Supplemental Financing Agreement shall be in effect, an appropriation 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 this Series 2021 Supplemental 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 hereunder. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments and Additional Payments may be made, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance is directed to do all things lawfully within such person's 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.

Section 3.7. Loan Payments to Constitute Current Expenses of the City. Except as provided in the second paragraph of **Section 4.1**, the Board and the City acknowledge and agree that the Loan Payments and Additional Payments hereunder shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments hereunder shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither this Series 2021 Supplemental 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 herein 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.

ARTICLE IV

SECURITY FOR THE LOAN

Section 4.1. Security for the Loan. Except as provided in the following paragraph, the City's obligations to pay the Loan Payments and Additional Payments described herein and any amounts required to be paid under **Section 6.2** or **Section 9.4** hereof, as applicable, shall be limited, special obligations of the City payable solely from, and secured as to the payment of principal and interest by, a pledge of, subject to annual appropriation by the City as provided in **Section 3.5** hereof, all general fund revenues of the City and from amounts pledged to secure repayment of the Loan as provided in the Authorizing Ordinance. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The City's obligation to pay the Loan Payments and Additional Payments shall not constitute general obligations of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

Notwithstanding the foregoing, CID Sales Tax Revenues are not subject to annual appropriation by the City and are pledged by the City pursuant to the Authorizing Ordinance to secure the Loan Payments and Additional Payments.

The City's obligation to make Loan Payments and Additional Payments is also secured on a subordinate basis by, subject to annual appropriation by the City Council, the CID EATS deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to each Redevelopment Project as provided in the Authorizing Ordinance. The pledge of the CID EATS to make Loan Payments on the Loan shall be junior and subordinate in all respects to the pledge of the CID EATS to make payments on loans incurred by the City either prior or subsequent to the date of this Series 2021 Supplemental Financing Agreement to fund costs of the Redevelopment Projects other than the Project as provided in the Authorizing Ordinance.

The obligation of the City to use CID Sales Tax Revenues and the CID EATS for the purpose of making Loan Payments and Additional Payments shall be on a parity with use of such funds to make Loan Payments and Additional Payments under the Original Financing Agreement, the Series 2012C Supplemental Financing Agreement, the Series 2016A Supplemental Financing Agreement, this Series 2021 Supplemental Financing Agreement and under any Supplemental Financing Agreement related to the loan of proceeds of any Additional Bonds issued to fund or refinance Costs of the Project, to the extent provided in the ordinance authorizing each such loan and related Supplemental Financing Agreement, as provided in the Authorizing Ordinance.

ARTICLE V

TERM

Section 5.1. Term of Financing Agreement. This Series 2021 Supplemental Financing Agreement shall be effective from and after its execution and delivery and shall continue in full force and effect until the Bonds are deemed to be paid within the meaning of **Article X** of the Indenture and provision has been made for paying all other sums payable by the City to the Board, the Trustee and the Paying Agent for the Bonds under this Series 2021 Supplemental Financing Agreement and the Indenture. All agreements, covenants, representations and certifications by the City as to all matters affecting the status of the interest on the Series 2021 Bonds shall survive the termination of this Series 2021 Supplemental Financing Agreement and the defeasance of the Series 2021 Bonds.

ARTICLE VI

GENERAL COVENANTS AND PROVISIONS

Section 6.1. Information Provided to the Board and the Trustee. The City shall furnish to the Board and the Trustee written notice of any Event of Nonappropriation as soon as practicable, but in no event more than **5** days after such Event of Nonappropriation.

The City will at any and all times, upon the written request of the Trustee or the Board and at the expense of the City, permit the Trustee and the Board by their representatives to inspect the properties, books of account, records, reports and other papers of the City, and to take copies and extracts therefrom, and will promptly afford and procure a reasonable opportunity to make any such inspection, and the City will furnish to the Board and the Trustee any and all information as the Board or the Trustee may reasonably request with respect to the performance by the City of its covenants in this Series 2021 Supplemental Financing Agreement.

Section 6.2. Indemnification.

(a) The City releases the Board and the Trustee from, agrees that the Board and the Trustee shall not be liable for, and indemnifies the Board and the Trustee against, all liabilities, losses, damages (including attorneys' fees), causes of action, suits, claims, costs and expenses, demands and judgments of any nature imposed upon or asserted against the Board or the Trustee, on account of: (i) any breach or default on the part of the City in the performance of any covenant or agreement of the City under this Series 2021 Supplemental Financing Agreement or any related document, or arising from any act or failure to act by the City, or any of its agents, contractors, servants, employees or licensees (including, without limitation, any failure to comply or any violation, actual or alleged, in connection with Environmental Regulations); (ii) matters regarding the authorization, issuance and sale of the Series 2021 Bonds attributable to the City, and the provision of any information furnished by the City in connection therewith concerning the Project or the City or arising from (1) any errors or omissions by the City such that the Series 2021 Bonds, when delivered to the Bondowners, are not validly issued and binding obligations of the Board, or (2) any fraud or misrepresentations or omissions contained in the proceedings of the Board furnished by or attributable to the City relating to the issuance of the Series 2021 Bonds or pertaining to the financial condition of the City which, if known to the original purchaser of the Series 2021 Bonds, might be considered a material factor in its decision to purchase the Series 2021 Bonds.

(b) The City agrees to indemnify the Trustee for and to hold it harmless against all liabilities, claims, costs and expenses incurred without negligence or willful misconduct on the part of the Trustee, on account of any action taken or omitted to be taken by the Trustee in accordance with the terms of this Series 2021 Supplemental Financing Agreement, the Series 2021 Bonds, the Indenture or any other Transaction Document or any action taken at the request of or with the consent of the City, including the costs and expenses (including, without limitation, reasonable compensation, expenses and disbursements of its agents and counsel) of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under this Series 2021 Supplemental Financing Agreement, the Series 2021 Bonds or the Indenture.

(c) In case any action or proceeding is brought against the Trustee in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding to the City, and the City upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure of a party to give that notice shall not relieve the City from any of its obligations under this Section unless that failure prevents the defense

of the action or proceeding by the City. At its own expense, an indemnified party may employ separate legal counsel and participate in the defense; provided, however, in the event the City shall fail to employ counsel or such counsel shall fail to actively defend such actions or protect the Board or the Trustee, or both, the Board or the Trustee may employ counsel at the expense of the City to defend such action. The City shall not be liable for any settlement without its consent.

(d) The indemnification set forth above is intended to and shall include the indemnification of all affected officials, directors, officers, attorneys, accountants, financial advisors, staff and employees of the Board and the Trustee, respectively. That indemnification is intended to and shall be enforceable by the Board and the Trustee, respectively, to the full extent permitted by law.

Section 6.3. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Series 2021 Supplemental Financing Agreement, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an event of default under this Series 2021 Supplemental Financing Agreement; however, the Trustee may (and, at the request of the Underwriter or the owners of at least 25% aggregate principal amount in Outstanding Bonds, shall) or any bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, **“Beneficial Owner”** means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Section 6.4 Project Completion. If the proceeds of the Series 2021 Bonds and any Additional Bonds shall be insufficient to complete the Project, the City shall pay, but only from legally available funds, the full amount of any such deficiency by making payments directly to the contractors and suppliers of materials and services as the same shall become due.

Section 6.5. Casualty Insurance. The City shall, during the time that any Bonds are Outstanding, cause the Project to be kept continuously insured against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State and shall pay, or cause to be paid, as the same become due, all premiums in respect thereof, such insurance to include insurance insuring the Project in an amount not less than the replacement value of the Project (exclusive of land, excavations, footings, foundations and parking lots) and issued by such insurance company or companies authorized to do business in the State as may be selected by the City. The policy or policies of such insurance shall name the City as an insured or an additional insured. Nothing herein shall be construed as preventing the City from satisfying the insurance requirements herein set forth by using blanket policies of insurance or self-insurance provided each and all of the requirements and specifications herein respecting insurance are complied with.

ARTICLE VII

ADDITIONAL BONDS

Section 7.1. 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 for the purposes and upon the terms and conditions provided in **Section 203** of 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 this Series 2021 Supplemental Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of this Series 2021 Supplemental Financing Agreement; and (3) the Board and the City shall have otherwise complied with the provisions of this Series 2021 Supplemental Financing Agreement and **Section 203** of the Indenture with respect to the issuance of such Additional Bonds.

ARTICLE VIII

ASSIGNMENT OF BOARD'S RIGHTS UNDER FINANCING AGREEMENT

Section 8.1. Assignment by the Board. The Board, by means of the Indenture and as security for the payment of the principal of, purchase price, and redemption premium, if any, and interest on the Series 2021 Bonds, will assign, pledge and grant a security interest in all of its rights, title and interests in, to and under this Series 2021 Supplemental Financing Agreement, including Loan Payments and Additional Payments and other revenues, moneys and receipts received by it pursuant to this Series 2021 Supplemental Financing Agreement, to the Trustee (reserving its Unassigned Board's Rights) for the benefit of the bondowners.

Section 8.2. Restriction on Transfer of Board's Rights. The Board will not sell, assign, transfer or convey its interests in this Series 2021 Supplemental Financing Agreement except pursuant to the Indenture.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The term "Event of Default" or "Default" shall mean any one or more of the following events:

- (a) Failure by the City to make timely payment of any Loan Payment.
- (b) Failure by the City to make any Additional Payment when due and, after notice of such failure, the City shall have failed to make such payment within 10 days following the due date.
- (c) Failure by the City to observe and perform any covenant, condition or agreement on the part of the City under this Series 2021 Supplemental Financing Agreement or the Indenture, other than as referred to in the preceding subparagraphs (a) and (b) of this Section, for a period of 30 days after written notice of such default has been given to the City by the Trustee or the Board during which time such default is neither cured by the City nor waived in writing by the Trustee and the Board, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee and the Board may consent in writing to an extension of such time prior to its expiration and the Trustee and the Board will not unreasonably withhold their consent to such an extension if corrective action is instituted by the City within the 30-day

period and diligently pursued to completion and if such consent, in their judgment, does not materially adversely affect the interests of the bondowners.

(d) Any representation or warranty by the City herein or in any certificate or other instrument delivered under or pursuant to this Series 2021 Supplemental Financing Agreement or the Indenture or in connection with the financing of the Project shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless waived in writing by the Board and the Trustee or cured by the City, if such representation or warranty can be cured to the satisfaction of the Board and the Trustee within 30 days after notice thereof has been given to the City.

Section 9.2. Remedies on Default. Subject to the provisions of **Section 9.7** hereof, whenever any Event of Default shall have occurred and be continuing, the Trustee, as the assignee of the Board, may take any one or more of the following remedial steps; provided that if the principal of all Bonds then Outstanding and the interest accrued thereon shall have been declared immediately due and payable pursuant to the provisions of **Section 702** of the Indenture, all Loan Payments for the remainder of the Loan Term shall become immediately due and payable without any further act or action on the part of the Board or the Trustee and the Trustee may immediately proceed (subject to the provisions of **Section 9.7** hereof) to take any one or more of the remedial steps set forth in subparagraph (b) of this Section:

(a) By written notice to the City declare the outstanding principal of the Loan due in such Fiscal Year to be immediately due and payable, together with interest on overdue payments of principal and redemption premium, if any, and, to the extent permitted by law, interest, at the rate or rates of interest specified in the respective Bonds or the Indenture, without presentment, demand or protest, all of which are expressly waived.

(b) Take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth herein or in the Indenture, as may appear necessary or desirable to collect the amounts payable pursuant to this Series 2021 Supplemental Financing Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the City under this Series 2021 Supplemental Financing Agreement or the Indenture.

In the enforcement of the remedies provided in this Section, the Trustee may treat all fees, costs and expenses of enforcement, including reasonable legal, accounting and advertising fees and expenses, as Additional Payments then due and payable by the City.

Any amount collected pursuant to action taken under this Section shall be paid to the Trustee and applied, first, to the payment of any costs, expenses and fees incurred by the Board or the Trustee as a result of taking such action and, next, any balance shall be used to satisfy any Loan Payments then due by payment into the Debt Service Fund and applied in accordance with the Indenture and, then, to satisfy any other Additional Payments then due or to cure any other Event of Default.

Notwithstanding the foregoing, the Trustee shall not be obligated to take any step that in its opinion will or might cause it to expend time or money or otherwise incur liability, unless and until indemnity satisfactory to it has been furnished to the Trustee at no cost or expense to the Trustee, as provided in **Section 802(e)**, **Section 802(k)** and **Section 804** of the Indenture.

The provisions of this Section are subject to the limitation that the annulment of a declaration that the Bonds are immediately due and payable shall automatically constitute an annulment of any corresponding declaration made pursuant to subparagraph (a) of this Section and a waiver and rescission

of the consequences of such declaration and of the Event of Default with respect to which such declaration has been made, provided that no such waiver or rescission shall extend to or affect any other or subsequent Default or impair any right consequent thereon. In the event any covenant, condition or agreement contained in this Series 2021 Supplemental Financing Agreement shall be breached or any Event of Default shall have occurred and such breach or Event of Default shall thereafter be waived by the Trustee, such waiver shall be limited to such particular breach or Event of Default.

Section 9.3. No Remedy Exclusive. Subject to the provisions of **Section 9.7** hereof, no remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Series 2021 Supplemental Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon a Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 9.4. Agreement to Pay Attorneys' Fees and Expenses. In connection with any Event of Default by the City, if the Board or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the City herein contained, the City agrees that it will, on demand therefor, pay to the Board and the Trustee the reasonable fees of such attorneys and such other reasonable fees, costs and expenses so incurred by the Board and the Trustee.

Section 9.5. Board and City to Give Notice of Default. The Board and the City shall each, at the expense of the City, promptly give to the Trustee written notice of any Default of which the Board or the City, as the case may be, shall have actual knowledge or written notice, but the Board shall not be liable for failing to give such notice.

Section 9.6. Performance of the City's Obligations. If the City shall fail to keep or perform any of its obligations as provided in this Series 2021 Supplemental Financing Agreement, then the Board or the Trustee may (but shall not be obligated so to do), upon the continuance of such failure on the City's part for 15 days after notice of such failure is given to the City by the Board or the Trustee, and without waiving or releasing the City from any obligation hereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by the Board or the Trustee and all necessary incidental costs and expenses incurred by the Board or the Trustee in performing such obligations shall be deemed to be Additional Payments and shall be paid to the Board or the Trustee plus interest at the Prime Rate plus 2% on demand.

Section 9.7. Remedial Rights Assigned to the Trustee. Upon the execution and delivery of the Indenture, the Board will thereby have assigned to the Trustee all rights and remedies conferred upon or reserved to the Board by this Series 2021 Supplemental Financing Agreement, reserving only the Unassigned Board's Rights. The Trustee shall have the exclusive right to exercise such rights and remedies conferred upon or reserved to the Board by this Series 2021 Supplemental Financing Agreement in the same manner and to the same extent, but under the limitations and conditions imposed thereby and hereby. The Trustee and the bondowners shall be deemed third party creditor beneficiaries of all representations, warranties, covenants and agreements contained herein.

ARTICLE X

PREPAYMENT AND ACCELERATION OF LOAN PAYMENTS

Section 10.1. Prepayment at the Option of the City. Upon the exercise by the City of its option to cause the Series 2021 Bonds or any portion thereof to be redeemed pursuant to **Section 301(a)** of the Series 2021 Supplemental Indenture, the City shall prepay Loan Payments in whole or in part at the times and at the prepayment prices sufficient to redeem all or a corresponding portion of the Series 2021 Bonds then Outstanding in accordance with said paragraph. At the written direction of the City such prepayments shall be applied to the redemption of the Series 2021 Bonds in whole or in part in accordance with said Section.

Section 10.2. Mandatory Prepayment to Satisfy Scheduled Mandatory Sinking Fund Redemption Requirements. The City shall prepay Loan Payments at the times, in the amounts and at the prepayment prices sufficient to redeem corresponding portions of the Series 2021 Bonds in accordance with the mandatory redemption provisions of the Series 2021 Supplemental Indenture. The City shall be entitled to all credits on such prepayment of a portion of Loan Payments, as set forth in said provisions, and the City shall comply with all terms and provisions of said Section.

Section 10.3 Right to Prepay at Any Time. The City shall have the option at any time to prepay all of the Loan Payments, Additional Payments and other amounts it is required to pay hereunder by paying to the Trustee all such sums as are sufficient to satisfy and discharge the Indenture and paying or making provision for the payment of all other sums payable hereunder.

Section 10.4. Notice of Prepayment. To exercise an option granted by **Section 10.1** or **10.3**, the City shall give written notice to the Board and the Trustee which shall specify therein the date upon which a prepayment of Loan Payments will be made, which date shall be not less than 45 days from the date the notice is received by the Trustee. In the Indenture, the Board has directed the Trustee to forthwith take all steps (other than the payment of the money required to redeem the Series 2021 Bonds) necessary under the applicable provisions of the Indenture to effect any redemption of the then Outstanding Bonds, in whole, or in part, pursuant to **Section 302** of the Indenture.

Section 10.5. Precedence of this Article. The rights, options and obligations of the City set forth in this Article may be exercised or shall be fulfilled, as the case may be, whether or not a Default exists hereunder, provided that such Default will not result in nonfulfillment of any condition to the exercise of any such right or option.

ARTICLE XI

SUPPLEMENTAL FINANCING AGREEMENTS

Section 11.1. Supplemental Financing Agreements without Consent of Bondowners. Without the consent of the owners of any Bonds, the Board and the City may from time to time enter into one or more Supplemental Financing Agreements, for any of the following purposes:

- (a) to subject to this Series 2021 Supplemental Financing Agreement additional property or to more precisely identify any project financed or refinanced out of the proceeds of any series of Bonds, or to substitute or add additional property thereto; or

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of the Loan, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed; or

(c) in connection with the issuance of any Additional Bonds, to make such other provisions as provided in **Section 7.1**; or

(d) to evidence the succession of another entity to the City and the assumption by any such successor of the covenants of the City herein contained; or

(e) to add to the covenants of the City or to the rights, powers and remedies of the Trustee for the benefit of the owners of all or any series of Bonds or to surrender any right or power herein conferred upon the City; or

(f) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or to make any other provisions, with respect to matters or questions arising under this Series 2021 Supplemental Financing Agreement, which shall not be inconsistent with the provisions of this Series 2021 Supplemental Financing Agreement, provided such action shall not adversely affect the interests of the owners of the Bonds (and the Trustee shall be entitled to receive and rely upon an Opinion of Counsel in exercising such judgment).

Section 11.2. Supplemental Financing Agreements with Consent of Bondowners. With the prior written consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Financing Agreement, the Board and the City may enter into Supplemental Financing Agreements, in form satisfactory to the Trustee, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Series 2021 Supplemental Financing Agreement or of modifying in any manner the rights of the Trustee and the owners of the Bonds under this Series 2021 Supplemental Financing Agreement; provided, however, that no such Supplemental Financing Agreement shall, without the consent of the owner of each Outstanding Bond affected thereby:

(a) change the stated maturity of the principal of, or any installment of interest on, the Loan, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, the Loan, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Financing Agreement, or the consent of whose owners is required for any waiver provided for in this Series 2021 Supplemental Financing Agreement of compliance with certain provisions of this Series 2021 Supplemental Financing Agreement or certain defaults hereunder and their consequences; or

(c) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Series 2021 Supplemental Financing Agreement cannot be modified or waived without the consent of the owner of each Bond affected thereby.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Financing Agreement and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds under this Section to approve the particular form of any proposed Supplemental Financing Agreement, but it shall be sufficient if such act shall approve the substance thereof.

Section 11.3. Execution of Supplemental Financing Agreements. In executing or consenting to any Supplemental Financing Agreement permitted by this Article, the Board and the Trustee shall be entitled to receive, and, subject to **Article VIII** of the Indenture, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Financing Agreement is authorized and permitted by and in compliance with this Series 2021 Supplemental Financing Agreement and the Indenture. The Trustee may, but shall not be obligated to, consent to any such Supplemental Financing Agreement which affects the Trustee's own rights, duties or immunities under this Series 2021 Supplemental Financing Agreement, the other Transaction Documents or otherwise.

Section 11.4. Effect of Supplemental Financing Agreements. Upon the execution of any Supplemental Financing Agreement under this Article, this Series 2021 Supplemental Financing Agreement shall be modified in accordance therewith and such Supplemental Financing Agreement shall form a part of this Series 2021 Supplemental Financing Agreement for all purposes; and the City, the Board, the Trustee and every owner of Bonds theretofore or thereafter authenticated and delivered under the Indenture shall be bound thereby.

Section 11.5. Reference in Bonds to Supplemental Financing Agreements. Bonds authenticated and delivered after the execution of any Supplemental Financing Agreement pursuant to this Article may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Financing Agreement. If the Board shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Board, to any such Supplemental Financing Agreement may be prepared and executed by the Board and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Authorized Representatives. Whenever under this Series 2021 Supplemental Financing Agreement the approval of the Board is required or the Board is required or permitted to take some action, such approval shall be given or such action shall be taken by the Board Representative, and the City and the Trustee shall be authorized to act on any such approval or action. Any approval shall not be unreasonably withheld or delayed.

Whenever under this Series 2021 Supplemental Financing Agreement the approval of the City is required or the City is required or permitted to take some action, such approval shall be given or such action shall be taken by the City Representative, and the Board and the Trustee shall be authorized to act on any such approval or action.

Section 12.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered by hand delivery or overnight delivery service or received by registered or certified mail, postage prepaid, return receipt requested, addressed as specified in **Section 1101** of the Indenture. A duplicate copy of each notice, certificate or other communication given hereunder to any party mentioned in said **Section 1101** shall be given to all other parties mentioned therein (other than the bondowners unless a copy is required to be furnished to them by other provisions of this Series 2021 Supplemental Financing Agreement). The Board, the City or the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent to it.

Section 12.3. Performance Date Not a Business Day. If any date for the payment of principal of, or redemption premium, if any, or interest on the Series 2021 Bonds or the taking of any other action hereunder is not a Business Day, then such payment shall be due, or such action shall be taken, on the first Business Day thereafter with the same force and effect as if made on the date fixed for payment or performance.

Section 12.4. Binding Effect. This Series 2021 Supplemental Financing Agreement shall inure to the benefit of and shall be binding upon the Board and the City and their respective successors and assigns.

Section 12.5. Execution in Counterparts. This Series 2021 Supplemental Financing Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.6. No Pecuniary Liability. All covenants, obligations and agreements of the City contained in this Series 2021 Supplemental Financing Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future councilmember, commissioner, director, officer, agent or employee of the City other than in their official capacity.

Section 12.7. Extent of Covenants of the Board; No Personal or Pecuniary Liability. All covenants, obligations and agreements of the Board contained in this Series 2021 Supplemental Financing Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future director, officer, agent or employee of the Board in other than his official capacity, and no official executing the Series 2021 Bonds shall be liable personally on the Series 2021 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Board contained in this Series 2021 Supplemental Financing Agreement or in the Indenture. No provision, covenant or agreement contained in this Series 2021 Supplemental Financing Agreement, the Indenture or the Series 2021 Bonds, or any obligation herein or therein imposed upon the Board, or the breach thereof, shall constitute or give rise to or impose upon the Board a pecuniary liability or a charge. No provision hereof shall be construed to impose a charge against the general credit of the Board or any personal or pecuniary liability upon any director, officer, agent or employee of the Board.

Section 12.8. Net Loan. Subject to the limitations described in **Sections 3.5, 3.7 and 4.1**, the parties hereto agree (a) that the payments of Loan Payments are designed to provide the Board and the Trustee with moneys adequate in amount to pay all principal of, purchase price, redemption premium, if any, and interest accruing on the Series 2021 Bonds as the same become due and payable, (b) that to the extent that the payments of Loan Payments are not sufficient to provide the Board and the Trustee with funds sufficient for the purposes aforesaid, the City shall be obligated to pay (subject with respect to the

City to the limitations set forth in **Section 3.5** hereof) to, and they do hereby covenant and agree to pay, upon demand therefor, as Additional Payments, such further moneys, in cash, as may from time to time be required for such purposes, and (c) that if after the principal of, redemption premium, if any, and interest on the Series 2021 Bonds and all costs incident to the payment of the Series 2021 Bonds have been paid in full (including all Additional Payments) the Trustee or the Board holds unexpended funds received in accordance with the terms hereof, such unexpended funds shall, after payment therefrom of all sums then due and owing by the City under the terms of this Series 2021 Supplemental Financing Agreement, be distributed in accordance with **Article IV** of the Indenture.

Section 12.9. Ratification of Original Financing Agreement and Incorporation of Terms of Original Financing Agreement. The Original Financing Agreement, as amended and supplemented the Series 2008H Supplemental Financing Agreement dated as of November 1, 2008, the Series 2009A Supplemental Financing Agreement dated as of February 1, 2009, the Series 2009F Supplemental Financing Agreement dated as of April 1, 2009, the Series 2010A Supplemental Financing Agreement dated as of March 1, 2010, the Series 2011A Supplemental Financing Agreement dated as of November 15, 2011, the Series 2012C Supplemental Financing Agreement dated as of October 15, 2012, the Series 2016A Supplemental Financing Agreement dated as of July 1, 2016, and by this Series 2021 Supplemental Financing Agreement, and as otherwise amended and supplemented, is in all respects ratified and confirmed and the Original Financing Agreement as so amended and supplemented shall be read, taken and construed as one in the same instrument. Except as herein otherwise expressly provided, all the provisions, definitions, terms and conditions of the Original Financing Agreement, as amended and supplemented by the Series 2008H Supplemental Financing Agreement dated as of November 1, 2008, the Series 2009A Supplemental Financing Agreement dated as of February 1, 2009, the Series 2009F Supplemental Financing Agreement dated as of April 1, 2009, the Series 2010A Supplemental Financing Agreement dated as of March 1, 2010, the Series 2011A Supplemental Financing Agreement dated as of November 15, 2011, Series 2012C Supplemental Financing Agreement dated as of October 15, 2012, the Series 2016A Supplemental Financing Agreement dated as of July 1, 2016, and this Series 2021 Supplemental Financing Agreement, and as otherwise amended and supplemented, shall be deemed to be incorporated in, and made a part of, this Series 2021 Supplemental Financing Agreement. All references to “this Financing Agreement” in the Original Financing Agreement shall be to the Original Financing Agreement as amended and supplemented by the Series 2008H Supplemental Financing Agreement dated as of November 1, 2008, the Series 2009A Supplemental Financing Agreement dated as of February 1, 2009, the Series 2009F Supplemental Financing Agreement dated as of April 1, 2009, the Series 2010A Supplemental Financing Agreement dated as of March 1, 2010, the Series 2011A Supplemental Financing Agreement dated as of November 15, 2011, Series 2012C Supplemental Financing Agreement dated as of October 15, 2012, the Series 2016A Supplemental Financing Agreement dated as of July 1, 2016, and this Series 2021 Supplemental Financing Agreement and as otherwise amended and supplemented from time to time.

Section 12.10. Complete Agreement. The Board and the City understand that oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable. To protect the Board and the City from misunderstanding or disappointment, any agreements the Board and the City reach covering such matters are contained in this Series 2021 Supplemental Financing Agreement, which is the complete and exclusive statement of the agreement between the Board and the City, except as the Board and the City may later agree in writing to modify this Series 2021 Supplemental Financing Agreement.

Section 12.11. Severability. If any provision of this Series 2021 Supplemental Financing Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into or taken thereunder, or any application of such provision, is for any reason held to

be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Series 2021 Supplemental Financing Agreement or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into, or taken, each of which shall be construed and enforced as if such illegal or invalid portion were not contained herein. Such illegality or invalidity of any application thereof shall not affect any legal and valid application thereof, and each such provision, covenant, stipulation, obligation, agreement, act or action, or part thereof, shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 12.12. Governing Law. This Series 2021 Supplemental Financing Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

Section 12.13. Third Party Beneficiaries. The Trustee and the bondowners shall be deemed to be third party beneficiaries under this Series 2021 Supplemental Financing Agreement.

Section 12.14. Electronic Storage of Documents The Board and the City agree that the transaction described herein may be conducted and related documents may be stored by electronic means.

[Remainder of page intentionally blank.]

IN WITNESS WHEREOF, the **MISSOURI DEVELOPMENT FINANCE BOARD** and the **CITY OF INDEPENDENCE, MISSOURI** have caused this instrument to be executed on their behalf all as of the date first above written.

MISSOURI DEVELOPMENT FINANCE BOARD

By: _____
Acting Executive Director

(Seal)

CITY OF INDEPENDENCE, MISSOURI

By: _____
City Manager

(Seal)

ATTEST:

By: _____
City Clerk

TAX COMPLIANCE AGREEMENT

Dated as of November 1, 2021

Among

MISSOURI DEVELOPMENT FINANCE BOARD,

And

CITY OF INDEPENDENCE, MISSOURI,

And

**UMB BANK, N.A.,
as Trustee**

**\$(Principal Amount)
Missouri Development Finance Board
Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri – Events Center Project)
Series 2021**

TAX COMPLIANCE AGREEMENT

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* * *

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the “Tax Agreement”), entered into as of November __, 2021, among the **MISSOURI DEVELOPMENT FINANCE BOARD**, a body politic and corporate and a public instrumentality duly organized and existing under the laws of the State of Missouri (the “Board”), the **CITY OF INDEPENDENCE, MISSOURI**, a constitutional charter city and a political subdivision of the State of Missouri (the “City”), and **UMB BANK, N.A.**, a national banking corporation duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance by the Board of \$[Principal Amount] principal amount of Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2021 (the “Bonds”), under a Series 2021 Supplemental Bond Trust Indenture dated the date of this Tax Agreement (the “Indenture”) between the Board and the Trustee, for the purpose of making a loan of the proceeds of the Bonds to the City under a Series 2021 Supplemental Financing Agreement dated the date of this Tax Agreement (the “Financing Agreement”) between the Board and the City, to provide funds for certain purposes as described in this Tax Agreement and in the Indenture and the Financing Agreement.

2. The Internal Revenue Code of 1986, as amended (the “Code”), and the applicable regulations and rulings issued by the U.S. Treasury Department (the “Regulations”), impose certain limitations on the uses and investment of the Bond proceeds and of certain other money relating to the Bonds and set forth the conditions under which interest on the Bonds will be excluded from gross income for federal income tax purposes.

3. The Board has adopted a Board Tax-Exempt Financing Compliance Policy and Procedure for the purpose of setting out general procedures to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations. Pursuant to the Board’s Tax-Exempt Financing Compliance Policy and Procedure, the City will have primary responsibility for most Post-Issuance Tax Requirements with respect to the Bonds.

4. The Board, the City and the Trustee are entering into this Tax Agreement in order to set forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of Code § 148(f).

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Board, the City and the Trustee represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in **Section 101** of the Indenture, and certain other words and phrases have the meanings assigned in Code § 148 and the Regulations. In addition, the following words and terms used in this Tax Agreement have the following meanings:

“Adjusted Gross Proceeds” means the Gross Proceeds of the Bonds reduced by amounts (1) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (2) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (3) representing grant repayments or sale or Investment proceeds of any purpose Investment.

“Board” means the Missouri Development Finance Board and its successors and assigns, or any body, agency or instrumentality of the State of Missouri succeeding to or charged with the powers, duties and functions of the Board.

“Board Tax Compliance Procedure” means the Board’s Tax-Exempt Financing Compliance Policy and Procedure, dated March 20, 2012.

“Bona Fide Debt Service Fund” means a fund, which may include Bond proceeds, that (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and (b) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

“Bond” or **“Bonds”** means any Bond or Bonds described in the recitals hereto.

“Bond Compliance Officer” means the City’s Finance Director or other person named in the City Tax Compliance Procedure.

“Bond Counsel” means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Board and the City.

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending April 1.

“CID Financing Project” means all of the improvements and equipment acquired or constructed under the terms of the CID Plan.

“CID Plan” means the petition for formation of the Independence Events Center Community Improvement District, as originally adopted by the City on December 20, 2007 and as amended or supplemented from time to time.

“City” means the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri.

“City Tax Compliance Procedure” means this Tax Compliance Agreement and any other generally applicable tax-exempt financing compliance procedures the City has adopted, or will adopt in the future.

“Code” means the Internal Revenue Code of 1986, as amended.

“Computation Date” means each date on which arbitrage rebate for the Bonds is computed. The Board may treat any date as a Computation Date, subject to the following limits:

- (a) the first rebate installment payment must be made for a Computation Date not later than 5 years after the Issue Date;
- (b) each subsequent rebate installment payment must be made for a Computation Date not later than 5 years after the previous Computation Date for which an installment payment was made; and
- (c) the date the last Bond is discharged is the final Computation Date.

The City selects November 1, 2026 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“Escrow Agent” means UMB Bank, N.A.

“Escrow Agreement” means the Escrow Trust Agreement dated as of the date of this Tax Agreement among the Board, the City and the Escrow Agent providing for the refunding of the Refunded Obligations.

“Final Written Allocation” means the written allocation of expenditures of proceeds of the Original Obligations as set forth on **Exhibit C**.

“Financed Facility” means that portion of the Project Facility to which the City allocated proceeds of the Original Obligations pursuant to the Final Written Allocation, as described on **Exhibit C**.

“Financing Agreement” means the Financing Agreement dated April 1, 2008, between the Board and the City as amended and supplemented, including by the Series 2021 Supplemental Financing Agreement.

“Gross Proceeds” means (1) sale proceeds (any amounts actually or constructively received by the Board from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest); (2) Investment proceeds (any amounts received from investing sale proceeds, other Investment proceeds, or transferred proceeds); (3) transferred proceeds (amounts that are proceeds of the Refunded Obligations and which under the Regulations become proceeds of the Bonds because Bond proceeds were used to pay principal of the Refunded Obligations); (4) any amounts held in a sinking fund for the Bonds; (5) any amounts held in a pledged fund or reserve fund for the Bonds; and (6) any other replacement proceeds. Specifically, Gross Proceeds include all amounts held in the following funds and accounts:

- (1) Costs of Issuance Fund.
- (2) Debt Service Fund.

- (3) Escrow Fund (to the extent funded with sale proceeds or Investment proceeds of the Bonds).
- (4) Rebate Fund (to the extent funded with sale proceeds or Investment proceeds of the Bonds).

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

“Indenture” means the Bond Trust Indenture dated as of November 15, 2011 as originally executed by the Board and Trustee, as amended through and including by the Series 2021 Supplemental Bond Trust Indenture, under which the Bonds are being issued and as further amended from time to time in accordance with the provision of the Indenture.

“Investment” means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-exempt bond, except for “specified private activity bonds” as defined in Code § 57(a)(5)(C), but it does include the investment element of most interest rate caps.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means November __, 2021.

“Loan” means the loan of the Bond proceeds made by the Board to the City under the Financing Agreement.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Bonds.

“Net Proceeds” means when used in reference to the Bonds, the sale proceeds (excluding pre-issuance accrued interest), less an allocable share of any proceeds deposited in a reasonably required reserve or replacement fund, plus an allocable share of all Investment earnings on such sale proceeds.

“Operating Expenditures” means amounts excluded from the definition of “private payments” pursuant to Regulation §1.141-4(c)(2)(i)(C) as operating and maintenance expenses. Operating Expenditures generally include all ordinary and necessary expenditures paid to operate a facility that would be deductible under Section 162 of the Code as an ordinary and necessary expense, including routine maintenance expenses exclusive of any expenditure for general administrative overhead. Operating Expenditures are further described in **Exhibit E**.

“Opinion of Bond Counsel” means the written opinion of Bond Counsel to the effect that the proposed action or the failure to act will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

“Original Obligations” means the Series 2008H Bonds, which was the first issue of tax-exempt governmental bonds that financed or refinanced a portion of the Financed Facility.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Bonds, the use of the Financed Facility and the investment of Gross Proceeds after the Issue Date of

the Bonds that must be complied with in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes.

“Project Facility” means the portion of the CID Financing Project that includes an arena facility, a related ice and practice facility, 2,000 adjacent parking spaces and related infrastructure that were financed by the Refunded Obligations and by other series of bonds already issued by the Board. The sources and uses of the bonds are summarized on **Exhibit C**. The arena facility contains approximately 162,000 square feet of exhibition space on two levels and the adjacent ice and practice facility under the same roof contains approximately 28,200 square feet.

“Rebate Analyst” means Bond Counsel, an independent certified public accountant, or such other person or firm selected by the Trustee to compute arbitrage rebate.

“Refunded Obligations” means \$10,815,000 outstanding principal amount of the Series 2011A Bonds the redemption of which is funded from proceeds of the Bonds.

“Regulations” means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Bonds.

“Series 2008H Bonds” means the Board’s \$10,725,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008H, issued November 18, 2008, the proceeds of which were used to finance new money capital expenditures.

“Series 2011A Bonds” means the Board’s \$11,815,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2011A, issued November 22, 2011, the proceeds of which were used to refund the Series 2008H Bonds.

“Series 2021 Supplemental Bond Trust Indenture” means the Series 2021 Supplemental Bond Trust Indenture dated as of November __, 2021 between the Board and the Trustee.

“Series 2021 Supplemental Financing Agreement” means the Series 2021 Supplemental Financing Agreement dated as of November __, 2021 between the Board and the City.

“Tax Agreement” means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

“Tax-Exempt Bond File” means documents and records for the Bonds and the Refunded Obligations maintained by the Bond Compliance Officer pursuant to the Board Tax Compliance Procedure and the City Tax Compliance Procedure.

“Tax Revenues” means all incremental tax revenues levied for the purpose of project costs related to the CID Financing Project including (1) CID sales tax revenues, (2) economic activity taxes derived from CID sales tax revenues, and (3) payments in lieu of taxes (“PILOTS”).

“Transcript” means the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

“Trustee” means UMB Bank, N.A., and its successor or successors and any other corporation or association which at any time may be substituted in its place at the time serving as trustee under the Indenture.

“**Underwriter**” means Robert W. Baird & Co. Incorporated, as underwriter of the Bonds.

“**Yield**” means yield on the Bonds, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Board. The Board represents and covenants to the City and the Trustee as follows:

(a) *Organization and Authority.* The Board (1) is a public instrumentality and body corporate and politic duly organized and existing under the laws of the State of Missouri, (2) has lawful power and authority to issue the Bonds for the purposes set forth in the Indenture, to enter into, execute and deliver the Indenture, the Financing Agreement, the Bonds and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary corporate action has been duly authorized to execute and deliver the Indenture, the Financing Agreement, and this Tax Agreement, acting by and through its duly authorized officers.

(b) *Tax-Exempt Status of Bonds.* The Board (to the extent within its power or direction) will not use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be “arbitrage bonds,” within the meaning of Code § 148, and will not (to the extent within its power or direction) otherwise use or permit the use of any Bond proceeds or any other funds of the Board, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.

(c) *IRS Form 8038-G.* Bond Counsel will prepare IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the City and the Board contained in this Tax Agreement or otherwise provided by the City or Board. Bond Counsel will sign the return as a paid preparer and will then deliver copies to the Board for execution and for the Board’s records. The Board agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G for filing with the IRS. A copy of the “as-filed” copy along with proof of filing will be included as **Exhibit B**.

(d) *Registered Bonds.* The Indenture requires that all of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).

(e) *Single Issue; No Other Issue.* No other debt obligations of the Board (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).

(f) *Bank Qualified Tax-Exempt Obligation.* The Bonds are not “qualified tax-exempt obligations” under Code § 265(b)(3).

(g) *Board Reliance on Other Parties.* The expectations, representations and covenants of the Board concerning uses of Bond proceeds and certain other money described in this Tax Agreement and other matters are based in whole or in part upon covenants, representations and certifications of the City and other parties set forth in this Tax Agreement or exhibits to this Tax Agreement. Although the Board has made no independent investigation of the representations of other parties, including the City, the Board is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Agreement or exhibits to this Tax Agreement.

Section 2.2. Representations and Covenants of the City. The City represents and covenants to the Board and the Trustee as follows:

(a) *Organization and Authority.* The City (1) is a constitutional charter city and political subdivision duly organized and existing under the laws of the State of Missouri, (2) has lawful power and authority to enter into, execute and deliver the Financing Agreement and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Financing Agreement and this Tax Agreement, acting by and through its duly authorized officials.

(b) *Tax-Exempt Status of Bonds—General Covenant.* The Bonds are being issued to refund the Refunded Obligations. The City will not use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be “arbitrage bonds,” within the meaning of Code § 148, and will not (to the extent within its power or direction) otherwise use or permit the use of any Bond proceeds or any other funds of the City, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.

(c) *Plan of Finance for Project Facility.* The Refunded Obligations were previously issued by the Board for the benefit of the City in order to finance a portion of the cost of the Project Facility. The CID Financing Project consists of the Project Facility and certain other related infrastructure and transportation facilities designed to facilitate the use of the Project Facility for public events. The Bonds are issued to refund the Refunded Obligations.

(d) *Governmental Obligations—Private Security or Payment – No Impermissible Agreements.*

(1) The City will not permit more than 10% of the principal and interest on the Bonds to be, and has not permitted more than 10% of the principal and interest on the Refunded Obligations to be (under the terms of the Bonds or any underlying arrangement), directly or indirectly:

(A) secured by (i) any interest in property used or to be used for a private business use, or (ii) any interest in payments in respect of such property; or

(B) derived from payments (whether or not such payments are made to the City) in respect of property, or borrowed money, used or to be used for a private business use.

(2) For purposes of the forgoing, taxes of general application, including Tax Revenues, are not treated as private payments or as private security. Any portion of the

Tax Revenues deposited to a special allocation fund established by the City will be received with respect to the assets financed as part of the CID Financing Project. The City's obligation to make loan payments with respect to the Bonds under the Financing Agreement will be secured by such Tax Revenues. The Tax Revenues are generally applicable taxes because they are an enforced contribution exacted pursuant to legislative authority as part of the taxing power, are imposed and collected for the purpose of raising revenue to be used for governmental purposes, have a uniform rate of collection that applies to all persons of the same classification in the appropriate jurisdiction and have a generally applicable manner of collection and determination. No taxpayer has entered into any "impermissible agreement" relating to the payment of the Tax Revenues. An "impermissible agreement" generally includes any agreement described in Regulations § 1.141-4(e)(4)(ii), including the following:

(A) An agreement to be personally liable for a tax that does not impose personal liability.

(B) An agreement to provide additional credit support such as a guaranty or to pay unanticipated shortfalls in tax collections.

(C) An agreement as to the minimum market value of property subject to a property tax.

(D) An agreement not to challenge or to seek deferral of a tax.

(E) Any similar agreement that causes a tax to fail to have a generally applicable manner of determination or collection.

(3) For purposes of the forgoing, payments derived from the operation of the Project Facility in a private business use (including use occurring as a result of a management contract or a lease) that directly or indirectly are paid to or benefit the City are included in determining whether the 10% limitation on private payments has been exceeded (the "Private Payment Limit"). However, to the extent such payments do not exceed the Operating Expenditures incurred and paid with respect to the Project Facility, the payments are not counted against the Private Payment Limit. In addition, any private payments incurred with respect to the Project Facility must be allocated amongst the other series of bonds and other sources of funds that were used to finance the Project Facility based on the relative amounts used to fund the Project Facility.

(4) On an annual basis, the City agrees to maintain records and substantiation sufficient to calculate (i) the amount of revenue received from the operation of the Project Facility and (ii) the amount of Operating Expenditures related to the Project Facility. Based on this information, each year the City shall obtain an Opinion of Bond Counsel confirming that the City is in compliance with the covenant contained in **Section 2.2(d)(1)** of this Tax Agreement.

(e) *No Private Loan.* Not more than 5% of the net proceeds of the Bonds will be loaned directly or indirectly to any person or entity that is not a State or local governmental unit or a governmental instrumentality.

(f) *Limit on Maturity of Bonds.* The "average maturity" of the Bonds, as computed by Bond Counsel, does not exceed the remaining average maturity of the Refunded Obligations.

(g) *Reimbursement of Expenditures; Official Intent.* No portion of the Net Proceeds of the Refunded Obligations was used to reimburse an expenditure paid by the City more than 60 days prior to the date the applicable resolution of intent was adopted, except as described in the Tax Compliance Agreement or similar document for the Refunded Obligations. The City evidenced each allocation of the proceeds of the Refunded Obligations to an expenditure in writing.

(h) *Registered Bonds.* All of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).

(i) *Bonds Not Federally Guaranteed.* The City will not take any action or permit any action to be taken which would cause the Bonds to be “federally guaranteed” within the meaning of Code § 149(b).

(j) *Reports to IRS; Form 8038-G.* Bond Counsel will prepare Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the City and Board contained in this Tax Agreement or otherwise provided by the City and Board. The City does not know of any inaccuracy in the Form 8038-G attached as **Exhibit B**.

(k) *Hedge Bonds.* At least 85% of the net sale proceeds of the Refunded Obligations were used to carry out the governmental purpose of the Refunded Obligation within three years after the issue date of the Refunded Obligations, and not more than 50% of the proceeds of the Refunded Obligations were invested in Investments having a substantially guaranteed Yield for four years or more.

(l) *Interest Rate Swap.* As of the Issue Date, the City has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bonds or the Refunded Obligations. The City will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

(m) *Guaranteed Investment Contract.* As of the Issue Date, the City does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The City will be responsible for complying with **Section 4.4(d)** if it decides to enter into a Guaranteed Investment Contract at a later date.

(n) *Single Issue; No Other Issue.* No other debt obligations of the City (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).

(o) *Arbitrage Certifications.* The facts, estimates and expectations recited in **Article III** of this Tax Agreement are true and accurate as of the Issue Date; and the City believes that the estimates and expectations recited in such Article are reasonable as of the Issue Date. The Board, the Trustee, Gilmore & Bell, P.C., Bond Counsel, and the Underwriter may rely on such statements and expectations. The City does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an “arbitrage bond” within the meaning of Code § 148; and to the best of the City’s knowledge and belief, there are no other facts, estimates or circumstances that would materially change such expectations.

Section 2.3. Representations and Covenants of the Trustee. The Trustee represents and covenants to the Board and the City as follows:

(a) The Trustee will comply with the provisions of this Tax Agreement that apply to it as Trustee and any written letter or Opinion of Bond Counsel, specifically referencing the Bonds and received by the Trustee, that sets forth any action necessary to comply with any statute, regulation or ruling that may apply to it as Trustee and relating to reporting requirements or other requirements necessary to preserve the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(b) The Trustee, acting on behalf of the City and the Board, may from time to time cause a firm of attorneys, consultants or independent accountants or an investment banking firm to provide the Trustee with such information as it may request in order to determine all matters relating to (a) the Yield on the Bonds as it relates to any data or conclusions necessary to verify that the Bonds are not “arbitrage bonds” within the meaning of Code § 148, and (b) compliance with arbitrage rebate requirements of Code § 148(f). The City will pay all costs and expenses incurred in connection with supplying the foregoing information.

(c) The Trustee, acting on behalf of the City and the Board, will retain records related to the Investment and expenditure of Gross Proceeds held in funds and accounts maintained by the Trustee and any records provided to the Trustee by the Board or City related to the Post-Issuance Tax Requirements in accordance with **Section 4.2(a)** of this Tax Agreement. The Trustee will retain these records until four years following the final maturity of (1) the Bonds or (2) any obligation issued to refund the Bonds; provided, however, if the Trustee is not retained to serve as bond trustee for any obligation issued to refund the Bonds (a “Refunding Obligation”), then the Trustee may satisfy its record retention duties under this **Section 2.3(c)** by providing copies of all records in its possession related to the Bonds to the bond trustee for the Refunding Obligation or other party agreed upon by the City and the Board.

Section 2.4. Survival of Representations and Covenants. All representations, covenants and certifications of the Board, the City and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the Board, the City or the Trustee under this Tax Agreement, will survive the execution and delivery of such documents and the issuance of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds under the Indenture, until the final maturity date and payment of all Bonds Outstanding.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the Board’s expectations as to the sources, uses and investment of Bond proceeds and other money, in order to support the Board’s conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Agreement on behalf of the Board is an officer of the Board responsible for issuing the Bonds.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this Article are based upon and in reliance upon the Board’s understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Board’s knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Board set forth in this Tax Agreement are reasonable. The Board has no

knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Authority and Purpose for Bonds. The Board is issuing and delivering the Bonds simultaneously with the execution of this Tax Agreement, under the laws of the State of Missouri, a resolution adopted by the governing body of the Board, and the Indenture. The Bonds are being issued for the purpose of making a loan to the City to provide funds to (a) refund the Refunded Obligations and (b) pay certain costs of issuing the Bonds. The purpose of the refunding is: (1) to achieve interest cost savings for the City through early redemption of the Refunded Obligations and (2) to provide an orderly plan of financing for the City.

Section 3.4. Funds and Accounts. The following funds and accounts have been established in the custody of the Trustee under the Indenture:

- (a) Costs of Issuance Fund
- (b) Debt Service Fund
- (c) Rebate Fund

In addition, the Escrow Fund is established in the custody of the Escrow Agent under the Escrow Agreement.

Section 3.5. Amount and Use of Bond Proceeds and Other Money.

(a) *Amount of Bond Proceeds.* The total proceeds to be received by the Board from the sale of the Bonds will be as follows:

Principal Amount	[\$[Principal Amount]].00
Net Original Issue Premium	0.00
Underwriting Discount	<u>(0.00)</u>
Total Proceeds	0.0

(b) *Use of Bond Proceeds and Other Money.* The Bond proceeds, together with other money of the City, are expected to be allocated to expenditures as follows:

(1) \$_____ from proceeds of the Bonds will be deposited in the Costs of Issuance Fund and used to pay costs of issuance of the Bonds, including the initial fee to the Board.

(2) \$_____ from proceeds of the Bonds will be transferred to the Escrow Agent to be used to pay a portion of the principal of and interest on the Refunded Obligations.

Section 3.6. Multipurpose Issue. Pursuant to Regulations § 1.148-9(h) separate purposes of the Bonds having the same initial temporary period for unrestricted investment will be treated as a single purpose for purposes of applying the arbitrage rules. All of the Bonds are being used to refund the Refunded Obligations.

Section 3.7. No Advance Refunding. No proceeds of the Bonds will be used more than 90 days following the Issue Date to pay principal of or interest on any other debt obligation.

Section 3.8. Current Refunding.

(a) *Proceeds Used For Current Refunding.* Proceeds of the Bonds will be used to pay principal and interest on the Refunded Obligations. All such proceeds shall be spent not later than 90 days after the Issue Date.

(b) *Transferred Proceeds.* There are no unspent proceeds (sale proceeds, Investment proceeds or transferred proceeds) of the Refunded Obligations. Therefore, there are no transferred proceeds of the Bonds.

Section 3.9. Project Completion. The Project Facility has previously been completed and is identified on **Exhibit C**.

Section 3.10. Financing Agreement/Sinking Funds. The Board is loaning the Bond proceeds to the City under the Financing Agreement. The City is required under the Financing Agreement to make periodic payments to the Trustee in amounts sufficient to pay the principal of and interest on the Bonds. The Trustee will deposit these payments into the Debt Service Fund. Except for the Debt Service Fund, neither the Board nor the City has established or expects to establish any sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bonds. The Debt Service Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the Board and the City expect that the Debt Service Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.11. Reserve, Replacement and Pledged Funds.

(a) *Debt Service Reserve Fund.* No reserve or replacements fund has been established for the Bonds.

(b) *No Other Replacement or Pledged Funds.* None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that instead has been or will be used to acquire higher yielding Investments. Except for the Debt Service Fund there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if either the Board or City encounters financial difficulty.

Section 3.12. Purpose Investment Yield. The Yield on the Loan will not exceed the Yield on the Bonds by more than 1/8%, as permitted by Regulations § 1.148-2(d)(2)(i). In determining such Loan Yield, “qualified administrative costs” of the Loan paid by the City are taken into account to increase payments for, and reduce receipts from, the Loan, as permitted by Regulations § 1.148-5(e)(3). “Qualified administrative costs” are (1) costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Loan, and (2) costs of issuing, carrying or repaying the Bonds, and the underwriting fees; but fees paid to the Board are not qualified administrative costs.

Section 3.13. Issue Price and Yield on Bonds.

(a) *Issue Price.* Based on the Underwriter’s certifications in the Underwriter’s Receipt for Bonds and Closing Certificate, the Board and the City hereby elect to establish the issue prices of the Bonds pursuant to Regulations § 1.148-1(f)(2)(i) (relating to the so-called “general rule”). Therefore, the aggregate issue price of the Bonds for such purpose is \$_____.

(b) *Bond Yield.* Based on the issue prices, the Yield on the Bonds is _____%, as computed by Bond Counsel as shown on **Exhibit A**. Neither the Board nor the City has entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

Section 3.14. Miscellaneous Arbitrage Matters.

(a) *No Abusive Arbitrage Device.* The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Board or the City to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) *No Over-Issuance.* The sale proceeds of the Bonds, together with expected Investment earnings thereon and other money contributed by the City, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.15. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the Board does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an “arbitrage bond” within the meaning of Code § 148 and the Regulations.

ARTICLE IV

POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES

Section 4.1. General.

(a) *Purpose of Article.* The purpose of this Article is to set forth the policies and procedures governing compliance with the federal income tax requirements that apply after the Bonds are issued. The Board and City recognize that interest on the Bonds will remain excludable from gross income only if Post-Issuance Tax Requirements are followed after the Issue Date. The Board and City further acknowledge that written evidence substantiating Post-Issuance Tax Requirements must be retained in order to permit the Bonds to be refinanced with tax-exempt obligations and substantiate the position that interest on the Bonds is exempt from gross income in the event of an audit of the Bonds by the IRS.

(b) *Provisions Constitute Written Policies and Procedures of the Board and the City.* The Board and the City intend for the Board Tax Compliance Procedure, as supplemented by this Tax Agreement, to be their primary written policies and procedures related to Post-Issuance Tax Requirements for the Bonds and to supplement any other general formal policies and procedures related to tax compliance previously established. The provisions of this Tax Agreement are intended to be consistent with the Board Tax Compliance Procedure. In the event of any inconsistency between the Board Tax Compliance Procedure and this Tax Agreement, the terms of this Tax Agreement will govern.

(c) *City Responsible for Post-Issuance Tax Requirements.* The Board and the City acknowledge that the investment and expenditure of proceeds of the Bonds are primarily within the control of the City, and that substantially all of the proceeds of the Refunded Obligations financed property that is controlled by the City. For these reasons, the Board is relying on the City to carry out the Post-Issuance Tax Requirements as set out this Tax Agreement. The City agrees to undertake these obligations. The Board will cooperate with the City when necessary to enable the City to fulfill its Post-Issuance Tax Requirements. This cooperation includes, but is not limited to, signing Form 8038-T in

connection with the payment of arbitrage rebate, participating in any federal income tax audit of the Bonds or related proceedings under a voluntary compliance agreement procedure (VCAP) or remedial action procedure pursuant to Regulations §§ 1.141-12 and 1.145-2.

(d) *Bond Compliance Officer.* The Bond Compliance Officer will be responsible for working with others within the City administration and Board officials, and for consulting with Bond Counsel, other legal counsel and outside experts to the extent necessary to carry out the Post-Issuance Tax Requirements for the Bonds.

(e) *Board Cooperation; Opinion of Bond Counsel.* Upon written notice given by the City (and if otherwise required or requested by the Board, upon delivery of an Opinion of Bond Counsel addressed to the Board regarding the action), the Board will take any action, including compliance with the remedial action procedures in the Regulations, that is necessary to cause interest on the Bonds to remain excludable from gross income for federal income tax purposes.

(f) *Payment of Costs of Post-Issuance Tax Requirements.* Neither the Board nor the Trustee are required to incur any cost in connection with any action taken related to the Post-Issuance Tax Requirements, it being the intent of the parties that all costs of the Post-Issuance Tax Requirements will be paid by, or immediately reimbursed by, the City. The Board and the Trustee shall be entitled to recover from the City all legal and other fees and expenses incurred in connection with compliance with this Article pursuant to the provisions of the Financing Agreement and the Indenture.

Section 4.2. Record Keeping; Use of Bond Proceeds and Use of Financed Facilities.

(a) *Record Retention Procedure.* The Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Bonds in accordance with the City Tax Compliance Procedure. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Certificate, the Bond Compliance Officer shall retain records related to Post-Issuance Tax Requirements until 3 years following the final maturity of (i) the Bonds or (ii) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (1) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (2) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (3) exhibit a high degree of legibility and readability both electronically and in hardcopy, (4) provide support for other books and records of the City and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system.

(b) *Allocation of Bond Proceeds to Expenditures.* Proceeds of the Bonds will be used as described in **Sections 3.5** and **3.8**. The Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Refunded Obligations as well as the Bonds. The Bond Compliance Officer has written substantiation records of the allocation of proceeds the Refunded Obligations to the Financed Facility through requisitions from the project fund established under the bond indenture for the Refunded Obligations. This allocation is summarized on **Exhibit C** and is intended to constitute the Final Written Allocation for the Refunded Obligations. The Bond Compliance Officer will retain copies of the Trustee expenditure and investment records for the Bonds to evidence the allocation of the Bond proceeds for the purpose of paying the Refunded Obligations and costs of issuing the Bonds.

(c) *Annual Compliance Checklist.* Attached as **Exhibit D** is a form of Annual Compliance Checklist for the Bonds. The Bond Compliance Officer will prepare and complete an annual compliance

checklist for the Financed Facility at least annually. In the event the annual compliance checklist identifies a deficiency in compliance with the requirements of this Tax Agreement, the Bond Compliance Officer will take actions to remediate the noncompliance.

(d) *Opinions of Bond Counsel.* The Bond Compliance Officer is responsible for consulting with counsel and if necessary obtaining opinions of counsel as required by the Annual Compliance Checklist and the Tax Agreement.

Section 4.3. Restrictions on Investment Yield. Except as described below, Gross Proceeds must not be invested at a Yield greater than the Yield on the Bonds:

(a) *Costs of Issuance Fund.* Amounts held in the Costs of Issuance Fund may be invested without Yield restriction for 13 months.

(b) *Debt Service Fund.* To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, money in the fund may be invested without Yield restriction for 13 months after the date of deposit. Earnings on these amounts may be invested without Yield restriction for one year after the date of receipt of such earnings.

(c) *Escrow Fund.* Proceeds of the Bonds deposited in the Escrow Fund or otherwise allocable to a current refunding of the Refunded Obligations (see **Section 3.8**) may be invested without Yield restriction for up to 90 days after the Issue Date.

(d) *Rebate Fund.* Money other than sale proceeds or Investment proceeds of the Bonds on deposit in the Rebate Fund may be invested without Yield restriction.

(e) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.4. Procedures for Establishing Fair Market Value of Investments.

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) *Established Securities Market.* Except for Investments purchased for a yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the

highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) Bona Fide Solicitation for Bids. The City or the Trustee makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers, or are made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.

(B) The bid specifications include all “material” terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Board, the City, the Trustee, or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the Board, the City, the Trustee, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the City’s reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive “last look”).

(G) At least 3 “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(2) Bids Received. The bids received by the City or Trustee must meet all of the following requirements:

(A) The City or Trustee receives at least 3 bids from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least 1 of the 3 bids received is from a reasonably competitive provider, as defined above.

(C) If the City or Trustee uses an agent or broker to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest yielding bona fide bid (determined net of any broker’s fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The City and the Trustee retain the following records with the bond documents until 3 years after the last outstanding Bond is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid by the City or Trustee for the Guaranteed Investment Contract, including a record of any administrative costs paid by the City or Trustee, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of the Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments*. If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least 3 bids on the Investment must be received from persons with no financial interest in the Bonds (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.5. Exemption of Certain Gross Proceeds from the Rebate Requirement.

(a) *General.* A portion of the Gross Proceeds of the Bonds may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Bonds and will not otherwise affect the application of the Investment limitations described in **Section 4.3**. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in **Section 4.6** applies even if a portion of the Gross Proceeds of the Bonds is exempt from the rebate requirement. To the extent all or a portion of the Bonds is exempt from rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in **Section 4.6**.

(b) *Applicable Spending Exceptions.* The six-month spending exception of Code § 148(f)(4)(B) and Regulations § 1.148-7(c).

(c) *Special Elections Made with Respect to Spending Exception Elections.* No special elections are being made in connection with the application of the spending exceptions.

(d) *Bona Fide Debt Service Fund.* To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, Investment earnings in the fund cannot be taken into account in computing arbitrage rebate (1) with respect to such portion that meets the 6-month spending exception, or (2) for a given Bond Year, if the gross earnings on the Debt Service Fund for such Bond Year are less than \$100,000. If the average annual debt service on the Bonds does not exceed \$2,500,000, the \$100,000 earnings test may be treated as satisfied in every Bond Year.

(e) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, the City may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the City must continue to comply with **Section 4.6** hereof.

(f) *General Requirements for Spending Exception.* The following general requirements apply in determining whether a spending exception is met.

(1) Using Adjusted Gross Proceeds to pay principal of any Bonds is not taken into account as an expenditure for purposes of meeting any of the spending tests.

(2) The 6-month spending exception generally is met if all Adjusted Gross Proceeds of the Bonds are spent within 6 months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial 6-month period, so long as this amount is spent within 1 year of the Issue Date.

Section 4.6. Computation and Payment of Arbitrage Rebate.

(a) *Computation of Rebate Amount.* The City will provide the Rebate Analyst Investment reports relating to each fund held by it that contains Gross Proceeds of the Bonds together with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the City annually as of the end of each Bond Year and not later than 10 days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Bonds, (4) any accrued interest paid, (5) face amount,

(6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the City together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals.

(b) *Rebate Payments.* Within 60 days after each Computation Date, the City will pay to the United States the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center
Ogden, UT 84201

(c) *Successor Rebate Analyst.* If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if either the City or the Board desire that a different firm act as the Rebate Analyst, then the City (so long as no event of default hereunder or under the Financing Agreement has occurred and is continuing), with the written consent of the Board (which consent will not be unreasonably withheld) or the Board, by an instrument or concurrent instruments in writing delivered to the Trustee, the firm then serving as the Rebate Analyst and any other party to this Tax Agreement, will name a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. In the event the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason and neither the Board nor the City appoints a qualified successor Rebate Analyst within 30 days following a request to appoint a successor Rebate Analyst, then the Trustee will appoint a firm to act as the successor Rebate Analyst.

(d) *Filing Requirements.* The Board (if requested in writing by the City), the Trustee and the City will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel addressed and delivered to such parties.

(e) *Survival after Defeasance.* Notwithstanding anything in the Indenture to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Bonds.

Section 4.7. Tax Audits. The Board and the City acknowledge that the IRS has a routine tax audit program in place and that the cost of professional representation and compliance with requests for records and other information that are a part of such an audit can be substantial, even if no violation of tax laws are found. The Board and the City also recognize that under current administrative procedures the IRS must direct audit inquiries to the Board, even though the City has the primary responsibility for maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes. Upon receipt of notice of the commencement of any audit of the Bonds, the City or the Board will notify the other promptly. Throughout the term of the audit and any subsequent proceedings, the Board and the City will provide copies to one another of any correspondence received from or transmitted to the IRS by the other. The Board may hire its own legal counsel to represent its interests in connection with the audit or in any further proceeding that results from the audit. At the request of the Board, the City will hire

separate legal counsel to represent the City's interests in the audit. The City, upon written request of the Board, will assume responsibility for responding to information and document requests made by the auditor that are within the knowledge or possession of the City. Promptly on demand by the Board in writing, the City will pay costs incurred by the Board in connection with the audit or any legal or administrative proceeding resulting from the audit (including the Board's reasonable attorney's fees and expenses). So long as the City shall not be in default under the terms of the Financing Agreement neither the Board nor the City shall have the right to represent or otherwise bind the other party in connection with any settlement related to the tax-exempt status of the Bonds. Nothing contained in this section is intended to limit the rights of the Board to recovery under the Financing Agreement or any other agreement or certificate executed in connection with the issuance of the Bonds.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Agreement. This Tax Agreement will be effective concurrently with the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; provided that, the provisions of **Article IV** of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions in **Section 4.2** relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.2. Amendments. This Tax Agreement may be amended from time to time by the parties to this Tax Agreement without notice to or the consent of any of the Bondowners, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then existing law, assuming compliance with this Tax Agreement as so amended, the Indenture and the Financing Agreement, such amendment will not cause any Bond to be an arbitrage bond under Code § 148 or otherwise cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the Board, the City and the Trustee receive an Opinion of Bond Counsel, addressed to the Board, the City and the Trustee, that such amendment will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Section 5.3. Opinion of Bond Counsel. The Board, the City and the Trustee may deviate from the provisions of this Tax Agreement if furnished with an Opinion of Bond Counsel to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Board (to the extent within its power or direction), the City and the Trustee further agree to comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or the exclusion from gross income of interest on the Bonds.

Section 5.4. Reliance. In delivering this Tax Agreement, the Board and the Trustee are making only those certifications, representations and agreements as are specifically attributed to them in this Tax Agreement. The balance of the certifications, representations and agreements contained in this Tax Agreement, except those made by the Underwriter in the Underwriter Receipt for Bonds and Closing Certificate, are those of the City, and the Board and the Trustee are relying on the City with respect to them. Neither the Board nor the Trustee is aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of the City or the Underwriter and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable.

Section 5.5. Severability. If any provision in this Tax Agreement or in the Bonds is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.6. Benefit of Agreement. This Tax Agreement is binding upon the Board, the Trustee and the City and their respective successors and assigns, and inures to the benefit of the parties to this Tax Agreement and the owners of the Bonds. Nothing in this Tax Agreement or in the Indenture or the Bonds, express or implied, gives to any person, other than the parties to this Tax Agreement and their successors and assigns, and the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement. The certifications and representations made in this Tax Agreement and the expectations presented in this Tax Agreement are intended, and may be relied upon, as a certification of an officer of the Board given in good faith described in Regulations § 1.148-2(b)(2). The City understands that its certifications in this Tax Agreement and in its Closing Certificate will be relied upon by the Board in the issuance of the Bonds and execution of this Tax Agreement. The Board and the City understand that such certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Bonds and the exclusion from federal gross income of the interest on the Bonds.

Section 5.7. Default, Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement is an event of default under this Tax Agreement. This Tax Agreement is defined as a “Financing Document” in the Indenture, and remedies for an event of default under this Tax Agreement may be pursued pursuant to the terms of the Indenture, the Financing Agreement or any other document which references this Tax Agreement and gives remedies for an event of default thereunder.

Section 5.8. Execution in Counterparts. This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.9. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Missouri.

Section 5.10. Electronic Transactions. The parties agree that the transaction described in this Tax Agreement may be conducted, and related documents may be stored, by electronic means.

[Remainder of page intentionally blank.]

THE PARTIES TO THIS TAX AGREEMENT have caused this Tax Compliance Agreement to be duly executed by their duly authorized officials and officers as of the day and year first above written.

**MISSOURI DEVELOPMENT FINANCE
BOARD**

By: _____
Name: Kimberly Martin
Title: Acting Executive Director

CITY OF INDEPENDENCE, MISSOURI

By: _____

Name: Zachary Walker

Title: City Manager

UMB BANK, N.A., as Trustee

By: _____

Name:

Title:

EXHIBIT A

DEBT SERVICE SCHEDULE AND PROOF OF BOND YIELD

EXHIBIT B

IRS FORM 8038-G

ATTACHMENT A TO IRS FROM 8038-G

PART II: Type of Issue

Line 11-18 Users of Bond Proceeds:

Form 8038-G Line Number	User Name	Employer Identification Number	Governmental or Nongovernmental Entity	Summary of Use
18	City of Independence, Missouri	44-6000190	Governmental	City Events Center
18	Independence Events Center Management Corporation	61-1650156	Governmental	City-controlled management company

EXHIBIT C

**DESCRIPTION OF FINANCED FACILITY AND FINAL ALLOCATION OF ORIGINAL
OBLIGATIONS**

EXHIBIT D

FORM OF ANNUAL COMPLIANCE CHECKLIST

Name of tax-exempt bonds (“Bonds”) financing Financed Asset:	\$[Principal Amount] principal amount of Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2021
Issue Date of Bonds: Financed Projects	November __, 2021
	__% of Cost of Independence Events Center, including Centerpoint Community Ice Rink, parking and related infrastructure
Date Facility Projects Opened and Placed in Service:	November 7, 2009
Name of Bond Compliance Officer:	
Period covered (“Annual Period”):	

Item	Question	Response
1 Ownership	Was the entire Project Facility owned by the City during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “No,” was an Opinion of Bond Counsel obtained prior to the transfer? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 Leases & Other Rights to Possession	Other than the lease contracts for the Missouri Mavericks and the Missouri Comets, during the Annual Period, was any part of the Project Facility leased pursuant to a lease or similar agreement for more than 50 days (whether or not the days are consecutive)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
3 Management or Service Agreements	Except for the Management Agreement between Independence Events Center Management Corporation and Global Spectrum, L.P. date July 1, 2014, as amended by the Amendment to Management Agreement effective as of July 1, 2020 for the management of the Project Facility, has the management of all or any part of the operations of the Financed Asset (e.g., cafeteria or other food services) been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was an Opinion of Bond Counsel obtained prior to entering into the management agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

4 Other Use	Was any other agreement (such as a long-term advertisement agreement) entered into with an individual or entity that grants special legal rights to the Financed Asset?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was an Opinion of Bond Counsel obtained prior to entering into the agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Did the City obtain the Opinion of Bond Counsel required by §2.2(d)(4) of the Tax Agreement and include the opinion and supporting documentation in the Tax Exempt bond File?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5 Private Payments	If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File	

6 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year and included in the Tax-Exempt Bond File?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

Bond Compliance Officer: _____

Date Completed: _____

EXHIBIT E

ADDITIONAL EXAMPLES OF OPERATING EXPENDITURES

The following paragraphs provide examples which may be useful for purposes of determining expenditures that qualify as Operating Expenditures. These examples are based on statutes and regulations, including proposed regulations in effect on the Issue Date, and except for the example related to general overhead and administrative expenses, are based on the deductibility of costs under §162 of the Code under the circumstances described.

(A) *Routine Maintenance Expenses.*

Routine Maintenance Expenses related to the Project Facility qualify as ordinary and necessary operating expenses incurred in connection with the operation and maintenance of the Project Facility. Accordingly, these expenses are allowed to offset revenues that would otherwise count toward the Private Payment Limit. For example, as a result of ordinary use, seats in the Project Facility are broken or the score board lights burn out. Repairing or replacing the seats or purchasing and installing scoreboard lights or, if necessary a new scoreboard of similar quality and purpose qualify as Routine Maintenance Expenses of the Project Facility and will be available to offset revenues that would otherwise count toward the Private Payment Limit, even if the replacement seats or scoreboard have an expected useful life in excess of one year.

(B) *General Overhead and Administrative Expenses.*

General overhead and administrative expenses are not directly attributable to operation and maintenance of the Project Facility. Accordingly, these expenses are not available to offset revenues that count toward the Private Payment Limit. For example, the City receives a \$1000 payment for use of the Project Facility \$400 of which is properly allocable to the electricity used by the Project Facility. The remaining \$600 of the \$1000 payment is used to reimburse salaries of City staff that devote part of their time to reviewing and overseeing the contractor's compliance with the terms of the a Third Party Management Agreement. The \$400 payment is an Operating Expenditure. The \$600 used to reimburse City staff salaries is a general overhead and administrative expense and this amount will count toward the Private Payment Limit.

(C) *Major Rehabilitation Expenditures vs. Ongoing Routine Maintenance Expenses.*

Expenditures incurred to return the Project Facility to its original operating condition after it has deteriorated to a point where it is no longer functional for its intended use are not Routine Maintenance Expenses and will not be available to offset revenues that count toward the Private Payment Limit. For example, over time the Project Facility is not maintained and a number of serious issues arise such as broken HVAC, leaks in the roof and broken and damaged seats. The City is forced to close the Project Facility. A year later the City undertakes the repairs and replacements necessary to make it possible to reopen the Project Facility. The expenses incurred to rehabilitate the Project Facility to a condition where it becomes possible to again use it for its intended purpose will not be available to offset revenues that count against the Private Payment Limit because these expenditures are not routine maintenance expenses. Had these repairs and replacements been undertaken periodically, over-time as they arose, so that the Project Facility was able to operate on a continuous basis, the same expenditures would be considered Routine Maintenance Expenses, and thus could be used to offset private payments that otherwise would have counted toward the Private Payment Limit.

(D) *Capital Improvements.*

Repair and maintenance expenditures resulting in a substantial improvement or betterment to the Project Facility do not qualify as Routine Maintenance. An improvement occurs: 1) by ameliorating a material condition or defect that either existed prior to or arose during construction; 2) by constructing a material addition to the Project Facility; 3) by materially increasing the capacity, productivity, efficiency, strength, or quality of the Project Facility. Thus, if a repair occurs where the Project Facility receives a capital improvement, then the expenditure will not be available to offset revenues that count toward the Private Payment Limit. For example, after the Project Facility has been open for a few years it becomes desirable to construct new team locker rooms and a new media center to support a minor league hockey franchise. The addition of these improvements is a material addition to the capacity and usefulness of the Project Facility and expenditures incurred in the project will not be available to offset revenues that count toward the Private Payment Limit.

(E) *Adapting Project Facility to New and Different Use.*

Payments made to adapt the Project Facility to a new use not consistent with the City's original intended use of the Project Facility at the time the Project Facility is placed in service are not considered Routine Maintenance. For example, ten years into operation of the Project Facility, the City decides to demolish the portion of the Project Facility containing the practice ice rink and convert it to retail space. Amounts spent for the demolition and conversion of the portion of the Project Facility to a use inconsistent with the City's original intended use will not be considered Routine Maintenance and no expenditures incurred will be available to offset revenues that count toward the Private Payment Limit.

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** (the “Disclosure Undertaking”) dated as of November 1, 2021, is executed and delivered by the City of Independence, Missouri (the “City”), in connection with the issuance of Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2021 issued by the Missouri Development Finance Board (the “Board”) on behalf of the City in the aggregate principal amount of \$ _____ (the “Bonds”). The Bonds are issued pursuant to a Bond Trust Indenture dated as of April 1, 2008, as supplemented and amended from time to time, including by a Series 2021 Supplemental Bond Trust Indenture dated as of November 1, 2021 (as supplemented and amended, the “Indenture”) between the Board of UMB Bank, N.A., as successor trustee and as named trustee.

In order to permit the Underwriter (defined below) to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, as amended, in connection with the public offering of the Bonds, the City, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agrees, for the sole and exclusive benefit of holders and Beneficial Owners (as hereinafter defined) of the Bonds, as follows:

Section 1. Definitions. Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in the Indenture.

“Annual Financial Information” shall mean the information specified in Section 3 hereof.

“Authorizing Ordinance” means the ordinance of the City passed on _____, 2021 authorizing the issuance of the Bonds.

“Beneficial Owner” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Bonds” shall mean the bonds described above.

“City” shall mean the City of Independence, Missouri, a municipality of the State of Missouri constituting a political subdivision, and any successor thereto.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures.

“Fiscal Year” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of 1934, as

amended) as to which a “final official statement” (as such term is defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Financing Agreement” means the Financing Agreement dated as of April 1, 2008, as supplemented and amended from time to time, including by the Series 2021 Supplemental Financing Agreement dated as of November 1, 2021, between the City and the Board with respect to the Bonds.

“GAAP” shall mean accounting principles generally accepted in the United States of America as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

“GAAS” shall mean generally accepted auditing standards as in effect from time to time in the United States.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Obligated Person” shall mean the person (including an issuer of separate securities) that is committed by contract or other arrangements structured to support payment of all or part of the obligations under the municipal securities.

“Official Statement” shall mean the Official Statement related to the Bonds dated _____, 2021.

“Rule 15c2-12” shall mean Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended from time to time.

“Underwriter” shall mean Robert W. Baird & Co., Incorporated.

Section 2. Obligations to Provide Continuing Disclosure.

(a) Obligations of the City.

- (i) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide, no later than January 2 of each year commencing January 2, 2022 (or, if the City’s Fiscal Year shall no longer end on June 30, 180 days after the end of each of its Fiscal Years) to the MSRB via EMMA, the City’s Comprehensive Annual Financial Report (the “Annual Report”), which includes (or, with respect to (B), is provided together with) (A) the audited financial statements of the City for the prior fiscal year, and (B) a statement as of the end of the Fiscal Year of the CID Sales Tax Revenues and CID EATS (as defined in the Authorizing Ordinance) received by the City. If the City’s Comprehensive Annual Report is not then available, unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds and the operating information described in (B) above shall be provided no later than January 2 of each year commencing January 2, 2022 (or, if the City’s Fiscal Year shall no longer end on June 30, 180 days after the end of each of its Fiscal Years) and the Comprehensive Annual Report shall be promptly delivered to the MSRB if and when it becomes available. The Annual Report shall be provided to the MSRB in such manner and format as prescribed by the MSRB.

(ii) The Trustee, based upon information that has been provided to and actually received by it in its capacity as Trustee, if other than an officer of the City, shall notify the City of the occurrence of any of the events with respect to the Bonds listed in Section 2(a)(iii) hereof promptly upon becoming aware of the occurrence of any such event.

(iii) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide to the MSRB via EMMA and the Trustee, not later than 10 Business Days from the occurrence thereof, notice of any of the following events with respect to the Bonds:

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

(iv) The City shall also provide to the MSRB in a timely manner notice of any failure of the City to provide the MSRB the Annual Report or financial statements required by paragraph (i) of this Section 2(a) on or before the date specified.

(v) Notwithstanding the foregoing, notice of listed events described in (iii)(8) above need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

(b) Termination or Modification of Disclosure Obligation. The City's obligations herein shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City's obligations hereunder are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Undertaking in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 2(a)(iii)**.

(c) Other Information. Nothing herein shall be deemed to prevent the City from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the City should disseminate any such additional information, the City shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

Section 3. Annual Financial Information.

(a) Specified Information. The Annual Financial Information of the City shall consist of the Annual Report as described in Section 2(a)(i).

(b) Incorporation by Reference. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by Rule 15c2-12), which have been provided to the MSRB and is available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB via EMMA. The City shall clearly identify each such other document so included by reference.

(c) Informational Categories. The requirements contained in this Disclosure Undertaking are intended to set forth a general description of the type of financial information and operating data to be provided by the City, such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of this Disclosure Undertaking call for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

Section 4. Financial Statements.

The annual financial statements of the City for each fiscal year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS. The annual financial statements may be provided by specific incorporation by reference to any other documents which have been filed with the MSRB and the Securities and Exchange Commission.

Section 5. Remedies.

If the City should fail to comply with any provision of this Disclosure Undertaking, then any holder or Beneficial Owner of Bonds may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds similarly situated, by mandamus or other suit or proceeding at law or in equity, against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of such party hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided,

further, that the rights of any holder or Beneficial Owner to challenge the adequacy of the information provided in accordance with Sections 2 and 3 hereunder are conditioned upon the provisions of the Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default as though such provisions applied hereunder. Failure of any party to perform its obligations hereunder shall not constitute an Event of Default under any agreement executed and delivered in connection with the issuance of the Bonds.

Section 6. Parties in Interest.

The provisions of this Disclosure Undertaking shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds, the Underwriter, the City and the Trustee, and shall create no rights in any other person or entity.

Section 7. Amendments.

(a) Without the consent of any of the holders or Beneficial Owners of the Bonds, the City, at any time and from time to time, may amend or make changes this Disclosure Undertaking for any purpose, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or any type of business or affairs it conducts;

(ii) the undertakings set forth herein, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and

(iii) the amendment, in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

(b) Annual Financial Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent in a timely manner by the City to the MSRB.

Section 8. Termination.

This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased pursuant to the Indenture; provided, however, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided

thereunder, then such information shall no longer be required to be provided hereunder; and provided, further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance of the Bonds, the City shall provide notice of such defeasance to the MSRB and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 9. Notices.

Any notices or communications to the City may be given as follows:

City of Independence, Missouri
111 East Maple
City of Independence, Missouri 64050
Attention: Director of Finance
Telephone: 816-325-7061

The City may, by written notice to the Trustee, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 10. Designated Agents.

The City may, from time to time, appoint or designate one or more agents (each, a “designated agent”) to submit Annual Financial Information, Material Event notices, and other notices or reports with the MSRB via EMMA. The City hereby appoints the Trustee and Gilmore & Bell, P.C. as designated agents of the City solely for the purpose of submitting City-approved Annual Financial Information, event notices, and other notices or reports to the MSRB via EMMA as requested by the City. The City may revoke this designation at any time upon written notice to the designated agent, and may designate one or more additional designated agents for purposes of this **Section 10** from time to time by written designation to the newly appointed designated agent.

Section 11. Electronic Transactions.

The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law.

This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Disclosure Undertaking as of the date first above written.

CITY OF INDEPENDENCE, MISSOURI,
as Obligated Person

By: _____

Name: Zachary Walker

Title: City Manager

§ _____
**MISSOURI DEVELOPMENT FINANCE BOARD
INFRASTRUCTURE FACILITIES REFUNDING REVENUE BONDS
(CITY OF INDEPENDENCE, MISSOURI - EVENTS CENTER PROJECT), SERIES 2021**

Bond Purchase Agreement

_____, 2021

Missouri Development Finance Board
Governor Office Building
200 Madison Street, Suite 1000
Jefferson City, Missouri 65102
Attention: Acting Executive Director

City of Independence, Missouri
City Hall
111 East Maple Avenue
Independence, Missouri 64050
Attention: Director of Finance

Ladies and Gentlemen:

Robert W. Baird & Co. Incorporated (the “Underwriter”) hereby offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with the Missouri Development Finance Board (the “Board”), and the City of Independence, Missouri (the “City”), for the purchase by the Underwriter and the sale by the Board of the Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2021 (the “Series 2021 Bonds”). This offer is made subject to acceptance hereof by the Board prior to 6:00 P.M., prevailing time in Kansas City, Missouri, on the date hereof, and, upon such acceptance, evidenced by the signatures of duly authorized officers of the Board and the City in the spaces provided below, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Board, the City and the Underwriter. The acceptance and execution of this Bond Purchase Agreement by the Acting Executive Director of the Board shall evidence the determination in the affirmative of the Board’s Final Terms Committee (as defined in the Resolution as defined herein) and the unanimous approval and execution hereof by all the members thereof. If this offer is not so accepted, it is subject to withdrawal by the Underwriter, upon written notice delivered to the Board and the City, at any time prior to such acceptance. Capitalized terms not defined herein shall have the meanings ascribed to them in the Preliminary Official Statement, the Indenture or the Financing Agreement (each, as hereinafter defined).

The Series 2021 Bonds are being issued pursuant to a Bond Trust Indenture, dated as of April 1, 2008 (the “Original Indenture”), between the Board and Commerce Bank, N.A. as trustee (the “Original Trustee”), as amended and supplemented, including by a Series 2021 Supplemental Bond Trust Indenture dated as of November 1, 2021 (the “Series 2021 Supplemental Indenture” and, together with the Original Indenture as previously amended, the “Indenture”), between the Board and UMB Bank, N.A., successor in interest to the Original Trustee (the “Trustee”). The Board will lend to the City the net proceeds of the Series 2021 Bonds in the principal amount of \$ _____ (the “Series 2021 Loan”), pursuant to a Financing Agreement, dated as of April 1, 2008 (the “Original Financing Agreement”), as amended and

supplemented, including by a Series 2021 Supplemental Financing Agreement dated as of November 1, 2021 (the “Series 2021 Supplemental Financing Agreement” and, together with the Original Financing Agreement as previously amended, the “Financing Agreement”), each between the Board and the City, upon the terms and conditions specified therein and in the Indenture.

The Series 2021 Bonds and the interest thereon are special, limited obligations of the Board payable by the Board solely from (1) certain payments to be made by the City under the Financing Agreement, (2) subject to the conditions described in the Preliminary Official Statement, certain CID Sales Tax Revenues (as defined in the Preliminary Official Statement) and TIF Revenues (as defined in the Preliminary Official Statement); and (3) certain other funds held by the Trustee under the Indenture, and not from any other fund or source of the Board. 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. Except as noted in the Preliminary Official Statement, all payments by the City under the Financing Agreement are subject to annual appropriation. The Bonds are issued on a parity basis with certain other bonds as described in the Preliminary Official Statement.

The proceeds of the Series 2021 Bonds will be used to provide funds to (a) refinance the costs of certain “projects” as defined in the Act (which include “infrastructure facilities” as defined in the Act) through the refunding, on a current basis, of the Board’s Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project Series 2011A (the “Refunded Bonds”); and (b) pay certain costs related to the issuance of the Series 2021 Bonds and the refunding of the Refunded Bonds.

1. Purchase Price. Upon the terms and conditions and upon the basis of the representations and warranties herein set forth, the Underwriter hereby agrees to purchase from the Board, and the Board hereby agrees to sell to the Underwriter all (but not less than all) of the Series 2021 Bonds at an aggregate purchase price of \$_____ (the “Purchase Price”), representing the aggregate principal amount of \$_____, plus original issue premium of \$_____, less an underwriter’s discount of \$_____. The Series 2021 Bonds shall be dated the Closing Date (as hereinafter defined), shall mature on the dates, be subject to prior redemption, bear interest (from the Closing Date) at the rates set forth in the Official Statement (as hereinafter defined) and as described in Schedule I hereto, and shall be payable at the times and in the manner, and shall otherwise have the terms and provisions, set forth in the Official Statement.

2. Delivery of and Payment for the Series 2021 Bonds.

(a) At or about 11:00 a.m., prevailing time in New York, New York, on _____, 2021 (the “Closing Date”), or at such other time or date as shall have been mutually agreed upon by the Board, the City and the Underwriter, the Board will deliver or cause to be delivered to the Underwriter the Series 2021 Bonds, in definitive form, duly executed and authenticated by the Trustee, together with the other documents hereinafter mentioned; and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the Purchase Price, by wire transfer, payable to the order of the Trustee.

(b) Delivery of the definitive bonds as aforesaid shall timely be made at the offices of The Depository Trust Company (“DTC”) in New York, New York, or the Trustee, as DTC’s transfer agent, or at such other location as may be designated by the Underwriter. Payment for the Series 2021 Bonds shall be made as set forth in this section and delivery of the other documents shall be made at the offices of Gilmore & Bell, P.C. (“Bond Counsel”). Such payment and the related delivery are herein called the “Closing.” The Series 2021 Bonds will be delivered as fully-registered bonds, bearing proper CUSIP numbers, and registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2021 Bonds, to DTC in New York, New York (or, if applicable under DTC’s fully

Automated Securities Transfer program procedures, to the Trustee, as DTC's transfer agent), for the account of the Underwriter.

(c) After execution by the Board and authentication by the Trustee, the Series 2021 Bonds shall be held in safe custody by the Trustee or any authorized agent for the Trustee. The Trustee shall release or authorize the release of the Series 2021 Bonds from safe custody at the Closing upon receipt of payment for the Series 2021 Bonds as aforesaid.

3. Official Statement.

(a) In connection with the sale of the Series 2021 Bonds, the City has prepared a Preliminary Official Statement (in electronic form) dated _____, 2021 (together with the cover page, inside cover page, and all appendices attached thereto and any amendments or supplements and statements incorporated by reference therein or attached thereto, the "Preliminary Official Statement"), in connection with the public offering of the Series 2021 Bonds by the Underwriter, and further confirms the authority of the Underwriter to use, and consents to the use of, a final Official Statement (in printed or electronic form) with respect to the Series 2021 Bonds, to be dated the date hereof, and any amendments or supplements thereto that shall be approved by the City (as so amended and supplemented, the "Official Statement") in connection with the public offering and sale of the Series 2021 Bonds. The City hereby consents to and confirms the use by the Underwriter of the Preliminary Official Statement and the Official Statement, and any amendment or supplement thereto, in connection with the offer and sale of the Series 2021 Bonds by the Underwriter. The Board hereby consents to and confirms the use by the Underwriter of the Preliminary Official Statement and the Official Statement, and any amendment or supplement thereto, and has approved the information contained therein with respect to the Board. The City hereby represents and warrants that the Preliminary Official Statement previously furnished to the Underwriter was "deemed final" by the City as of its date for purposes of Rule 15c2-12 ("Rule 15c2-12") promulgated by the Securities and Exchange of the United States (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act") except for the omission of such information as is specified in Rule 15c2-12(b)(1). The Board hereby represents and warrants that the Board Covered Sections (as defined below) in the Preliminary Official Statement previously furnished to the Underwriter were "deemed final" by the Board as of its date for purposes of Rule 15c2-12 except for the omission of such information as is specified in Rule 15c2-12(b)(1).

(b) The Board and the City shall provide, or cause to be provided, to the Underwriter, no later than the earlier of seven (7) business days after the date hereof or three (3) business days prior to the Closing Date, a final Official Statement in "designated electronic format" (as defined in MSRB Rule G-32) and in sufficient quantity to permit the Underwriter to comply with Rule 15c2-12, and other applicable rules of the SEC and the Municipal Securities Rulemaking Board (the "MSRB").

(c) The Board and the City hereby authorize the Underwriter to file the Official Statement with the MSRB's Electronic Municipal Market Access ("EMMA") system.

4. Amendments to Official Statement. Each of the Board and the City covenants to promptly notify the Underwriter if, during the period from the date hereof to and including the date which is twenty-five (25) days following the End of the Underwriting Period (the "Update Period"), any event shall occur, or information come to the attention of the Board (only with respect to the information within the Board Covered Sections) or the City, as applicable, that is reasonably likely to cause, or would cause, the Official Statement (whether or not previously supplemented or amended) to cease to be true and correct or to contain, any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and if in the opinion of the Underwriter such event requires the preparation and distribution of a supplement or

amendment to the Official Statement, to prepare and furnish to the Underwriter, at the City's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the Board (only with respect to the information within the Board Covered Sections) and the City and approved by the Underwriter, as the Underwriter may reasonably request and if such notification shall be given subsequent to the Closing Date, such additional legal opinions, certificates, instruments, and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

5. Public Offering. The Underwriter intends to make an initial public offering of all the Series 2021 Bonds at a price not in excess of the initial offering price or prices set forth in the Official Statement; provided, however, that the Underwriter may change such initial offering price or prices as it deems necessary in connection with the offering of the Series 2021 Bonds without any requirement of prior notice, and may offer and sell the Series 2021 Bonds to certain institutions at prices lower than those stated in the Official Statement.

6. End of Underwriting Period. For purposes of this Bond Purchase Agreement, the "end of the underwriting period" shall mean the Closing Date, unless the City and the Board have been notified by the Underwriter in writing on or prior to the Closing Date that there exists an unsold balance of the Series 2021 Bonds for sale to the public, in which case the end of the underwriting period shall be the earlier of (a) 25 days after the Closing Date and (b) the date on which the "end of the underwriting period" for the Series 2021 Bonds has occurred under Rule 15c2-12.

7. Representations and Warranties of the Board. The Board represents and warrants to the Underwriter as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing, that:

(a) The Board is the Missouri Development Finance Board, a body politic and corporate and a public instrumentality duly organized and existing under the laws of the State of Missouri (the "State") authorized and empowered under the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended from time to time, and all acts supplemental thereto and amendatory thereof (the "Act"), and has, and at the Closing Date will have, full legal right, power, and authority pursuant to the Act and the resolution adopted by the governing body of the Board on _____, 2021 (the "Resolution") to: (i) enter into this Bond Purchase Agreement, to adopt the Resolution, and to execute and deliver the Indenture, the Financing Agreement, the Tax Compliance Agreement, dated as of November 1, 2021 (the "Tax Compliance Agreement"), by and among the Board, the City and the Trustee, and any and all such other agreements and documents as may be required to be executed, delivered and received by the Board in order to carry out, give effect to and consummate the transactions contemplated herein as described in the Preliminary Official Statement and in the Official Statement (collectively, the "Board Documents"), (ii) execute and deliver the Indenture providing for the issuance of and security for the Series 2021 Bonds (including the pledge and assignment by the Board of its interest in the Financing Agreement and the payments to be received pursuant to the Financing Agreement in the amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2021 Bonds) and appointing the Trustee as trustee, paying agent and bond registrar under the Indenture; (iii) approve the Official Statement; (iv) issue, sell, and deliver the Series 2021 Bonds as provided herein; (v) refund the Refunded Bonds as described in the Official Statement; and (v) carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the other Board Documents and the Official Statement;

(b) The information in the Preliminary Official Statement solely with respect to the Board under the headings "INTRODUCTORY STATEMENT – The Board," "THE BOARD" and "LITIGATION – The Board" (the "Board Covered Sections"), as of its date, did not, and as of the date

hereof does not, and the Board Covered Sections in the Official Statement as of its date, do not, and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) The Board has complied, and will at the Closing be in compliance, in all respects, with the Act;

(d) The Board has duly adopted the Resolution and has duly authorized and approved by all necessary official action (i) the issuance and sale of the Series 2021 Bonds by the Board upon the terms and conditions set forth in this Bond Purchase Agreement and in the Indenture and as described in the Official Statement, (ii) the distribution and delivery of each of the Preliminary Official Statement and the Official Statement and the use thereof by the Underwriter and (iii) the execution and delivery of, and the performance by the Board of the obligations on its part relating to the issuance and sale of the Series 2021 Bonds contained in the Resolution, the other Board Documents and any and all such other agreements and documents as may be required to be executed, delivered or received by the Board in order to carry out, give effect to and consummate such transactions contemplated herein and therein;

(e) (i) The Board is not in breach of or in default under the Act or any law, administrative regulation, judgment or decree or any indenture, loan agreement, note, resolution, agreement, or other instrument to which the Board is a party or is otherwise subject, or by which it or its properties may be bound, and (ii) the issuance and sale of the Series 2021 Bonds upon the terms set forth herein and in the Indenture and the Official Statement, and the execution and delivery by the Board of the Board Documents, and its compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under the Act, or any law, administrative regulation, judgment, decree, indenture, loan agreement, note, resolution, agreement, or other instrument to which the Board is a party or is otherwise subject;

(f) All approvals, consents, and orders of any governmental authority, board, agency, or commission having jurisdiction that would constitute a condition precedent to the performance by the Board of its obligations hereunder, the issuance of the Series 2021 Bonds, and the execution and delivery and performance by the Board of, this Bond Purchase Agreement and the other Board Documents, have been obtained or will be obtained prior to the Closing;

(g) The Series 2021 Bonds, when issued, authenticated, and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will have been duly authorized and issued by the Board and will constitute the legal, valid, and binding limited obligations of the Board payable solely from amounts available from the Trust Estate, enforceable in accordance with their terms and entitled to the benefit and security of the Indenture;

(h) The terms and provisions of the Indenture will comply in all respects with the requirements of the Act and, when executed and delivered by the parties thereto, each Board Document will constitute the legal, valid, and binding obligations of the Board, enforceable in accordance with their terms except as the same may be limited by bankruptcy, insolvency, reorganization, and other laws affecting creditors' rights generally from time to time in effect, and rights of acceleration, indemnity, and contribution, and the availability of equitable remedies may be limited by equitable principles;

(i) No condition known to the Board exists that, with the giving of notice or the lapse of time or both, would constitute a default of any of its material obligations, covenants or conditions contained in any Board Documents, or that would permit the counterparty to terminate an Board Document;

(j) There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, pending or, to the knowledge of the Board, threatened against the Board, (i) affecting the existence of the Board or the titles of its officers to their respective offices, (ii) seeking to prohibit, restrain, or enjoin the issuance, sale, or delivery of the Series 2021 Bonds or the collection of the proceeds 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, (iii) in any way contesting or affecting the validity or enforceability of the Series 2021 Bonds or any Board Document or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, (iv) contesting the power or authority of the Board to issue the Series 2021 Bonds or to execute and deliver the Board Documents, or (v) wherein an unfavorable decision, ruling, or finding would materially adversely affect the validity or enforceability of the Series 2021 Bonds or the Board Documents;

(k) The proceeds received from the sale of the Series 2021 Bonds shall be used in accordance with the Act, the Financing Agreement and the Indenture and as set forth in the Official Statement; and

(l) Any certificate signed by an authorized officer of the Board and delivered to the Underwriter, the City or the Trustee shall be deemed a representation and warranty of the Board (and not of the individual executing such certificate) to the Underwriter, the City and the Trustee as to the statements made therein.

8. Representations and Warranties of the City. The City represents and warrants to the Underwriter that:

(a) The City is a constitutional charter city and political subdivision of the State, organized and existing under the laws of the State. The City is authorized to (i) enter into this Bond Purchase Agreement, to adopt the ordinance approving the issuance of the Series 2021 Bonds (the “Authorizing Ordinance”), and to execute and deliver the Financing Agreement, the Tax Compliance Agreement, the Continuing Disclosure Undertaking executed by the City (the “Continuing Disclosure Undertaking”), and the Second Amendment to Cooperative Agreement (the “Cooperative Agreement Amendment”) between the City and the Independence Events Center Community Improvement District (the “CID”) (collectively, the “City Documents”), and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated herein as described in the Preliminary Official Statement and in the Official Statement, (ii) authorize the distribution and delivery of each of the Preliminary Official Statement and the Official Statement and the use thereof by the Underwriter, and (iii) perform its obligations under the City Documents and otherwise carry out and consummate the transactions contemplated by the City Documents and the Official Statement.

(b) The City has complied with all provisions of the Constitution and the laws of the State, and has full power and authority to consummate all transactions contemplated by the City Documents, the Indenture and the Official Statement and any and all other agreements relating thereto.

(c) The Authorizing Ordinance authorizing the execution and delivery of the City Documents was duly passed pursuant to all applicable laws and are in full force and effect. The execution, delivery and performance by the City of the City Documents has been duly authorized by all necessary action, and the City Documents constitute legal, valid and binding obligations of the City enforceable in accordance with their terms, except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally.

(d) The City has duly authorized and approved by all necessary official action (i) the issuance and sale of the Series 2021 Bonds by the Board on behalf of the City upon the terms and conditions set forth in this Bond Purchase Agreement and in the Indenture and as described in the Official Statement, (ii) the distribution and delivery of each of the Preliminary Official Statement and the Official Statement and the use thereof by the Underwriter and (iii) the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents and any and all such other agreements and documents as may be required to be executed, delivered or received by the City in order to carry out, give effect to and consummate such transactions contemplated herein and therein.

(e) The information in the Preliminary Official Statement (except for (i) information with respect to DTC, (ii) the Board Covered Sections, (iii) the CID Covered Sections (defined below), and (iv) the Underwriter Covered Section (as defined below, collectively, the “Excluded Material”) as to which the City makes no representation) as of its date did not, and as of the date hereof does not, and the Official Statement (except for the Excluded Material) as of its date does not, and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The “Underwriter Covered Section” shall mean the information in the Preliminary Official Statement and Official Statement under the heading “UNDERWRITING.” The “CID Covered Sections” shall mean the information in the Preliminary Official Statement and Official Statement under the headings “INTRODUCTORY STATEMENT – The CID,” “THE CID,” “THE EVENTS CENTER PROJECT,” and “LITIGATION – The CID.”

(f) The City has complied, and will at the Closing be in compliance, in all material respects, with all applicable law relating to the authorization and execution of the City Documents and the approval and delivery of the Preliminary Official Statement and the Official Statement and the transactions contemplated therein.

(g) The City has duly authorized and approved by all necessary official action (i) the issuance and sale of the Series 2021 Bonds by the Board on behalf of the City upon the terms and conditions set forth in this Bond Purchase Agreement and in the Authorizing Ordinance, the Financing Agreement and the Indenture and as described in the Official Statement, (ii) the distribution and delivery of each of the Preliminary Official Statement and the Official Statement and the use thereof by the Underwriter and (iii) the execution and delivery of, and the performance by the City of the obligations on its part relating to the issuance and sale of the Series 2021 Bonds contained in the Indenture, the City Documents and any and all such other agreements and documents as may be required to be executed, delivered or received by the City in order to carry out, give effect to and consummate such transactions contemplated herein and therein.

(h) (i) The City is not in breach of or in default under (A) any law, administrative regulation, judgment, decree, indenture, loan agreement, note, resolution, agreement, lease or other instrument to which the City is a party or is otherwise subject; or (B) by which it or its properties may be bound, in each case which breach or default would (1) adversely affect the validity or enforceability of the Series 2021 Bonds or the City Documents, or (2) materially adversely affect the City, and (ii) the issuance and sale of the Series 2021 Bonds upon the terms set forth herein, in the Indenture, the Financing Agreement and in the Official Statement, and the execution and delivery by the City of the City Documents, and its compliance with the provisions of each thereof, will not, or did not, as applicable, violate, conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, indenture, loan agreement, note, resolution, agreement, or other instrument to which the City is a party or is otherwise subject.

(i) All approvals, consents, and orders of any governmental authority, board, agency, or commission having jurisdiction that are required in connection with the performance by the City of its obligations hereunder, the issuance of the Series 2021 Bonds, and the execution and delivery and performance by the City of, the City Documents, have been obtained or will be obtained prior to the Closing; provided, however, that no representation is made concerning compliance with the “blue sky” laws of the various jurisdictions of the United States of America.

(j) This Bond Purchase Agreement and the Original Financing Agreement constitute, and each of the other City Documents (when executed and delivered by the City and any other parties thereto) will constitute (or did constitute and continues to constitute, in the case of any City Document executed prior to the date hereof or the Closing Date), the legal, valid, and binding obligations of the City, enforceable in accordance with its terms except as (i) the same may be limited by bankruptcy, insolvency, reorganization, and other laws affecting creditors’ rights generally from time to time in effect, and (ii) the availability of equitable remedies may be limited by equitable principles.

(k) No condition known to the City exists that, (i) with the giving of notice or the lapse of time or both, would constitute a default of any of its material obligations, covenants or conditions contained in any City Documents.

(l) There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, pending or, to the knowledge of the City, threatened against the City, (a) affecting the existence of the City or the titles of its officers to their respective offices, (b) 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, (c) contesting or affecting the validity or enforceability of any City Document or the Indenture or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, (d) contesting the power or authority of the City or any authorization in connection with the adoption of the Authorizing Ordinance or the execution and delivery by the City of the City Documents, or (e) 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 and the Authorizing Ordinance, wherein an unfavorable decision, ruling or finding could materially adversely affect the performance by the City of its obligations under or in connection with the City Documents, or have a material adverse effect on the City’s operations or on the City’s financial position.

(m) The proceeds received from the sale of the Series 2021 Bonds shall be used in accordance with the Indenture, the Series 2021 Supplemental Financing Agreement and as set forth in the Official Statement.

(n) Except for any obligations described in the Preliminary Official Statement, the Official Statement and the City Documents, the City has not incurred any material liability, direct or contingent, and, since the date of the Preliminary Official Statement, there has not been any material adverse change in or effect on (i) the business, operations, properties, management or condition (financial or otherwise) of the City, whether or not arising from transactions in the ordinary course of business, or (ii) on the ability of the City to perform its obligations under the City Documents.

(o) Since June 30, 2020, the City has not offered or issued any bonds, notes or other obligations for borrowed money or incurred any material liabilities, direct or contingent, other than in the ordinary course of business, which are not described in or contemplated by the Preliminary Official Statement and the Official Statement.

(p) There are no contracts or other documents to which the City is a party that are material to the City relating to the authorization and execution of the City Documents and the approval and delivery of the Preliminary Official Statement and the Official Statement and the transactions contemplated therein that have not been described or referred to in the Preliminary Official Statement and the Official Statement.

(q) Any certificate signed by an authorized officer of the City and delivered to the Underwriter, the Board or the Trustee shall be deemed a representation and warranty of the City (and not of the individual executing such certificate) to the Underwriter, the Board and the Trustee as to the statements made therein.

(r) No default or event of default has occurred and is continuing under any of the City Documents, and no event has occurred and no condition exists with respect to the City that, with the passage of time or with the giving of notice or both, would constitute a default or event of default under any of the City Documents.

(s) The City has entered or will enter into the Continuing Disclosure Undertaking, in accordance with Rule 15c2-12, for the benefit of holders of the Series 2021 Bonds to provide to EMMA (i) certain annual financial information, including audited financial statements and operating data, generally consistent with the information contained or incorporated by reference in the Official Statement, (ii) timely notice of any of the events identified in Rule 15c2-12 with respect to the securities being offered in the offering, and (iii) timely notice of any failure of any obligated person to provide the required annual information on or before the date specified in the written agreement, all as set forth in the Continuing Disclosure Undertaking.

(t) Based on a review of its previous undertakings, the City has not, in the last five years, failed to comply in any material respect in its obligations under any continuing disclosure undertaking entered into pursuant to Rule 15c2 12 except as disclosed in the Official Statement.

9. Covenants of the Board and City.

(a) The Board hereby covenants with the Underwriter that:

(i) The Board shall not supplement or amend the Preliminary Official Statement or the Official Statement or cause the Preliminary Official Statement or the Official Statement to be supplemented or amended without the prior written consent of the Underwriter.

(ii) The Board shall not amend, terminate, or rescind, and will not agree to any amendment, termination, or rescission of the Indenture or the other Board Documents without the prior written consent of the Underwriter prior to the Closing Date.

(iii) The Board shall promptly advise the Underwriter, by written notice, of any matter arising or discovered after the date of this Bond Purchase Agreement and prior to the Closing Date that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or might adversely affect the correctness or completeness of any statement of material fact regarding the Board contained in the Board Covered Sections of the Official Statement; or any developments that affect the accuracy and completeness of the key representations (within the meaning of Rule 15c2-12) regarding the Board contained in the Board Covered Sections of the Official Statement that may occur during the Update Period.

(iv) The Board shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exemption from state income taxation with respect to the Series 2021 Bonds or the exclusion from gross income for federal income tax purposes of the interest on the Series 2021 Bonds.

(b) The City hereby covenants with the Underwriter that:

(i) Except as provided in Section 4, the City shall not supplement or amend the Preliminary Official Statement or the Official Statement or cause the Preliminary Official Statement or the Official Statement to be supplemented or amended without the prior written consent of the Underwriter.

(ii) The City shall not amend, terminate, or rescind, and will not agree to any amendment, termination, or rescission of any City Document prior to the Closing Date without the prior written consent of the Underwriter; *provided* that, for the avoidance of doubt, the Series 2021 Supplemental Indenture and the Series 2021 Supplemental Financing Agreement shall not be considered an amendment to the Indenture for purposes of this Section 9(b)(ii).

(iii) The City shall promptly advise the Underwriter, by written notice, of any matter arising or discovered after the date of this Bond Purchase Agreement and prior to the Closing Date that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or might adversely affect the correctness or completeness of any statement of material fact regarding the City contained in the Official Statement; or any developments that affect the accuracy and completeness of the key representations (within the meaning of Rule 15c2-12) regarding the City contained in the Official Statement that may occur during the Update Period.

(iv) Prior to the Closing Date, the City shall not create, assume, or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds, or interests that will be pledged pursuant to the Indenture as part of the Trust Estate.

(v) The City shall not voluntarily undertake any course of action inconsistent with satisfaction of the requirements applicable to the City as set forth in this Bond Purchase Agreement.

(vi) The City shall cooperate with the Underwriter in the qualification of the Series 2021 Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate; provided that the City shall not be required to qualify as a foreign corporation in, or submit to the general or special jurisdiction of, any other state.

(vii) The City will enter into a Continuing Disclosure Undertaking substantially in the form attached to the Preliminary Official Statement. A description of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

(viii) The City shall not knowingly take or omit to take any action which action or omission will adversely affect the exemption from state income taxation with respect to all Bonds (as defined in the Indenture) or the exclusion from gross income for federal income tax purposes of the interest on the Series 2021 Bonds.

(ix) The City agrees to promptly provide written notice to the Underwriter of any litigation, action, suit or proceeding or investigation at law or in equity before or by any court, public board, or body brought against the City in writing of which the City has knowledge with respect to the Series 2021 Bonds, the Preliminary Official Statement, the Official Statement or the City Documents or the transactions described therein during the Update Period.

10. Certain Conditions to Underwriter's Obligations. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties, and agreements of the Board and the City contained herein and upon the accuracy of the statements to be contained in the documents and instruments to be delivered at the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement to purchase, accept delivery of, and pay for the Series 2021 Bonds are subject to the performance by each of the Board and the City of its respective obligations hereunder required to be performed at or prior to the Closing Date, and to the following additional conditions precedent:

(a) On the Closing Date, (i) the representations and warranties of the Board and the representations and warranties of the City contained herein shall be true, complete, and correct as if made on and as of the Closing Date; (ii) the Official Statement shall have been executed by the City, and its use approved by the Board; (iii) the Board Documents and the City Documents shall have been duly executed and delivered by the appropriate parties thereto, shall be in full force and effect, and shall not have been amended, modified, or supplemented, except as may have been agreed to in writing by the Underwriter; (iv) neither the Board nor the City shall be in default of any of its covenants under any Board Document or any City Document or the Indenture, as applicable; (v) at the direction of the Board, the proceeds of the Series 2021 Bonds shall have been deposited with the Trustee, as Escrow Agent for the benefit of the owners of the Refunded Bonds; and (vi) the Board shall have adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel and counsel for the Underwriter, shall be necessary in connection with the transactions contemplated hereby.

(b) The Underwriter shall have the right to cancel its obligation to purchase the Series 2021 Bonds if between the date hereof and the Closing Date:

(i) legislation shall have been enacted or introduced by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon revenues or other income of the general character of that to be derived by the Board under the Indenture, or upon interest received on obligations of the general character of the Series 2021 Bonds that, in the sole judgment of the Underwriter, materially adversely affects the market for the Series 2021 Bonds, the market price or marketability of the Series 2021 Bonds or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 Bonds; or

(ii) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis, pandemic or escalation of pandemic (or material escalation in any such calamity or crisis) or any change in the financial markets of, or political or economic conditions in, the United States or elsewhere to the effect that any such event specified in clause (1) or (2), in the sole judgment of the Underwriter, materially adversely affects the market for the Series 2021 Bonds, the market price or

marketability of the Series 2021 Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 Bonds; or

(iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction that, in the sole judgment of the Underwriter, materially adversely affects the market for the Series 2021 Bonds, the market price or marketability of the Series 2021 Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 Bonds; or

(iv) legislation shall be enacted or be proposed or actively considered for enactment by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that the Series 2021 Bonds or any obligations of the general character of the Series 2021 Bonds or any comparable securities of the Board, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or otherwise, or would be in violation of any provision of the federal securities laws; or

(v) any material adverse change in the affairs of the City shall have occurred and/or an event occurs that, in the judgment of the Underwriter, requires a supplement or amendment to the Official Statement that is deemed by the Underwriter, in its sole judgment, to materially adversely affect the market for the Series 2021 Bonds, the market price or marketability of the Series 2021 Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 Bonds; or

(vi) any rating on the Series 2021 Bonds or the Refunded Bonds is downgraded or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(vii) there shall have occurred either a financial crisis not existing on the date hereof or a default with respect to the debt obligations of the Board or the State or any political subdivision thereof or proceedings under the bankruptcy laws of the United States or of such state shall have been instituted by the Board or any agency or political subdivision of the State, in either case the effect of which, in the sole judgment of the Underwriter, materially adversely affects the market for the Series 2021 Bonds, the market price or marketability of the Series 2021 Bonds or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 Bonds; or

(viii) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein not misleading and, in either such event, the Board or the City refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented, in the sole judgment of the Underwriter, materially adversely affects the

market for the Series 2021 Bonds, the market price or marketability of the Series 2021 Bonds or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 Bonds; or

(ix) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force that, in the sole judgment of the Underwriter, materially adversely affects the market for the Series 2021 Bonds, the market price or marketability of the Series 2021 Bonds or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 Bonds; or

(x) a material disruption in securities settlement, payment or clearance services affecting the Series 2021 Bonds shall have occurred; or

(xi) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order that, in the sole judgment of the Underwriter, materially adversely affects the market for the Series 2021 Bonds, the market price or marketability of the Series 2021 Bonds or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 Bonds; or

(xii) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Series 2021 Bonds, including the underlying obligations as contemplated by this Bond Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Series 2021 Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act.

(c) At or prior to the Closing, the Underwriter shall receive the following:

(i) the unqualified approving opinion of Bond Counsel, dated the Closing Date, in substantially the form included in the Preliminary Official Statement and in the Official Statement as an Appendix, addressed to the Board, the City the Underwriter and the Trustee;

(ii) the supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Board, the City, the Trustee and the Underwriter, as to the matters set forth on **Exhibit B-1** hereto and otherwise in form and substance satisfactory to such parties;

(iii) the opinion of the City Counselor, dated the date of Closing, addressed to the Board, the City, Bond Counsel, the Trustee and the Underwriter, as to the matters set forth on **Exhibit C** hereto and otherwise in form and substance satisfactory to such parties;

(iv) the opinion of the Board's counsel, dated the date of Closing, addressed to the Board, the City, the Trustee and the Underwriter, as to the matters set forth on **Exhibit D** hereto and otherwise in form and substance satisfactory to such parties;

(v) the opinion of Disclosure Counsel, dated the date of Closing, addressed to the Board, the City, and the Underwriter, as to the matters set forth on **Exhibit B-2** hereto and otherwise in form and substance satisfactory to the Underwriter;

(vi) the defeasance opinion of Bond Counsel, dated the Closing Date, and addressed to the trustee for the Refunded Bonds, in the form and substance acceptable to the Underwriter;

(vii) the opinion of counsel to the CID, dated the date of Closing, addressed to the Board, the City, Bond Counsel, the Trustee and the Underwriter, as to the matters set forth on **Exhibit E** hereto and otherwise in form and substance satisfactory to the Board, the City, the Trustee and the Underwriter;

(viii) a certificate dated the Closing Date by a duly authorized officer of the Board in form and substance satisfactory to the Board, the City and the Underwriter;

(ix) a certificate dated the Closing Date by a duly authorized officer of the City in form and substance satisfactory to the Board, the City and the Underwriter;

(x) a certificate dated the Closing Date by a duly authorized officer of the CID in form and substance satisfactory to the Board, the City and the Underwriter;

(xi) the Tax Compliance Agreement executed by duly authorized officers of the Board and the City in form and substance satisfactory to the Underwriter and Bond Counsel;

(xii) a certificate of an officer of the Trustee, in form and substance acceptable to the Underwriter, dated the Closing Date, to the effect that the Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the Board, constitutes a valid and binding agreement of the Trustee enforceable against the Trustee in accordance with its terms, and the Series 2021 Bonds have been authenticated in accordance with the Indenture by duly authorized officers or signatories of the Trustee;

(xiii) letter from S&P Global Ratings assigning its long-term municipal bond rating of “___” to the Series 2021 Bonds, which rating remains in effect on the Closing Date;

(xiv) electronic copies of fully executed counterparts of each of the Board Documents;

(xv) electronic copies of duly adopted and/or fully executed counterparts of each of the City Documents;

(xvi) an electronic copy of the Resolution;

(xvii) DTC Blanket Letter of Representations;

(xviii) such additional legal opinions, certificates, documents and instruments as the Underwriter may reasonably request in form and substance reasonably satisfactory to the Underwriter and co-counsel to the Underwriter, including such opinions, certificates and documents as may be required in connection with the defeasance of the Refunded Bonds.

If the Board or the City shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Underwriter, the Board or the City shall have any further obligations hereunder, except as provided in Sections 11 and 13 hereof. However, the Underwriter may in its discretion waive one or more

of the conditions imposed by this Bond Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

11. Payment of Expenses.

(a) The City shall direct the Trustee under the Indenture to pay from the proceeds of the Series 2021 Bonds (to the extent permitted under applicable law) or from other funds of the City, certain expenses set forth in this Section that are incidental to the performance of the Board's and the City's obligations hereunder, including but not limited to: all expenses in connection with the printing of the Preliminary Official Statement, the Official Statement, and any amendment or supplement to either thereof; all expenses in connection with the printing, issuance, and delivery of the Series 2021 Bonds; the fees and disbursement of Bond Counsel, Disclosure Counsel, Board's counsel, City Counselor, and counsel to the CID; the fees and disbursements of the Trustee and its counsel; all expenses in connection with obtaining a rating for the Series 2021 Bonds; all expenses of the Board or the City in connection with the preparation, printing, execution, and delivery, and any recording or filing required by Bond Counsel, of the Board Documents, the City Documents, and any financing statement or notice with respect thereto; and all other expenses and costs of the City incident to its obligations in connection with the authorization, issuance, sale, and distribution of the Series 2021 Bonds.

(b) The Underwriter shall pay the costs of qualifying the Series 2021 Bonds for sale in various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Series 2021 Bonds, the fees of any counsel to the Underwriter, and all other expenses incurred by it in connection with the transaction contemplated by this Bond Purchase Agreement.

12. Blue Sky Qualification. The Board and the City agree to cooperate with the Underwriter and its counsel in any endeavor to qualify the Series 2021 Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided that the Board and the City shall not be required to qualify as a foreign corporation in, or submit to the general or special jurisdiction of, any other state. The Board and the City consent to the use of the Preliminary Official Statement and the Official Statement by the Underwriter in obtaining such qualification.

13. Establishment of Issue Price.

(a) The Underwriter agrees to assist the Board in establishing the issue price of the Series 2021 Bonds and shall execute and deliver to the Board at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Board and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2021 Bonds.

(b) The Board will treat the first price at which 10% of each maturity of the Series 2021 Bonds (the "10% test") is sold to the public as the issue price of that maturity as is established in the form of certificate attached hereto as **Exhibit A**. At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Board the price or prices at which it has sold to the public each maturity of Series 2021 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2021 Bonds, the Underwriter agrees to promptly report to the Board the prices at which it sells the unsold Series 2021 Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Series 2021 Bonds of that maturity or (ii) the 10% test has been satisfied as to the Series 2021 Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Board or Bond Counsel. For purposes of this Section, if Series 2021 Bonds

mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2021 Bonds.

(c) The Underwriter confirms that it has offered the Series 2021 Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Series 2021 Bonds for which the 10% test has not been satisfied and for which the Board and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Board to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2021 Bonds, the Underwriter will neither offer nor sell unsold Series 2021 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2021 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Board promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2021 Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

- (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Series 2021 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (A)(i) to report the prices at which it sells to the public the unsold Series 2021 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2021 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2021 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter;

- (B) to promptly notify the Underwriter of any sales of Series 2021 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2021 Bonds to the public (each such term being used as defined below); and

- (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Series 2021 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2021 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2021 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Series 2021 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Board acknowledges that the Underwriter, in making the confirmations set forth in this section, will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2021 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2021 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2021 Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Series 2021 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2021 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2021 Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Board further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2021 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2021 Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2021 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Board (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2021 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2021 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2021 Bonds to the public);

(iii) a purchaser of any of the Series 2021 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common

ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

14. Notices. All notices provided for in this Bond Purchase Agreement shall be made in writing either by actual delivery of the notice into the hands of the parties entitled thereto, by confirmed facsimile or email transmission, or by sending the notice by air courier or mailing by certified or registered mail, return receipt requested, in the United States mail to the address as stated below (or at such other address as may have been designated by written notice) of the party entitled thereto. The notice shall be deemed to be received in case of actual delivery on the date of its actual receipt by the party entitled thereto, in case of delivery by facsimile, on the date receipt is confirmed, in case of delivery by air courier on the date of delivery, and in case of mailing on the date of receipt by United States mail, postage prepaid.

All communications hereunder, except as herein otherwise specifically provided, shall be in writing and mailed or delivered to the Board and the City at the address set forth above and to the Underwriter at the following address: Robert W. Baird & Co. Incorporated, 8000 Maryland Avenue, Suite 500, Clayton, Missouri 63105.

15. Governing Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

16. Anti-Discrimination. The Underwriter hereby certifies and agrees that, to the extent that the “Anti -discrimination Against Israel Act,” Section 34.600, Revised Statutes of Missouri (the “Israel Act”), is applicable to any contract entered into with the City or the Board in connection with the Bonds, the Underwriter is not currently engaged in and shall not, for the duration of such contract, engage in a boycott of goods or services from the State of Israel (“Israel”), companies doing business in or with Israel or authorized by, licensed by or organized under the laws of Israel or persons or entities doing business with Israel, in all respects within the meaning of the Israel Act. Failure to comply with the foregoing certification shall be enforceable in accordance with the terms of such contract. The foregoing certification shall not be deemed an admission or agreement that the Israel Act is applicable to the aforesaid contracts but the foregoing certification is enforceable if the Israel Act is applicable. If the Israel Act is determined not to apply to the applicable contract for any reason including the repeal or amendment of the Israel Act or any ruling of a court of competent jurisdiction as to the unenforceability or invalidity of the Israel Act, then the certification shall be of no effect.

17. Miscellaneous. This Bond Purchase Agreement is made solely for the benefit of the signatories hereto (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The term “successor” shall not include any holder of any Series 2021 Bonds merely by virtue of such holding. All representations, warranties, agreements, and indemnities contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of delivery of and payment for the Series 2021 Bonds, and any termination of this Bond Purchase Agreement.

18. Entire Agreement. This Bond Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties regarding the transaction contemplated by this Bond Purchase

Agreement and the process leading thereto. This Bond Purchase Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

19. Counterparts; Electronic Signatures. This Bond Purchase Agreement may be executed in counterparts with the same force and effect as if all signatures appeared on a single instrument. A signature to this Bond Purchase Agreement delivered by facsimile, e-mail in portable document format (.pdf) or DocuSign electronic signature system shall be deemed to be an original manual signature and shall be binding upon the executing party and have the same legal effect as an original manual signature.

[remainder of page intentionally left blank]

Very truly yours,

ROBERT W. BAIRD & CO. INCORPORATED,
as the Underwriter

By:
Title:

Accepted:

MISSOURI DEVELOPMENT FINANCE BOARD

By: _____
Name: Kimberly Martin
Title: Acting Executive Director

Accepted:

CITY OF INDEPENDENCE, MISSOURI

By:

Name: Zachary Walker

Title: City Manager

SCHEDULE I

Terms of the Series 2021 Bonds

Serial Bonds

<u>Due April 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Offering Price</u>
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Term Bonds

<u>Due April 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Offering Price</u>
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Optional Redemption. The Series 2021 Bonds are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after April 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 2021 Bonds maturing on April 1, 20__ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 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:

<u>Due</u>	<u>Principal Amount</u>
------------	-----------------------------

*Final Maturity

[**ADD DESIGNATION OF UNDERSOLD MATURITIES IF APPLICABLE**]

EXHIBIT A

Form of Issue Price Certificate

_____, 2021

The undersigned, Robert W. Baird & Co. Incorporated (the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the \$_____ Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2021 (the “Series 2021 Bonds”). All capitalized terms used herein but not otherwise defined herein shall have the meanings given to such terms in the Bond Purchase Agreement, dated as of _____, 2021 (the “Bond Purchase Agreement”), among the Underwriter, the Missouri Development Finance Board (the “Board”) and City of Independence, Missouri (the “City”).

1. ***Sale of the [Series 2021 Bonds][10% Maturities].*** As of the date of this Certificate, for each Maturity of the [Series 2021 Bonds][10% Maturities], the first price at which 10% of such Maturity of the Series 2021 Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the [Series 2021 Bonds][Undersold Maturities].***

(a) The Underwriter offered the [Series 2021 Bonds][Undersold Maturities] to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2021 Bonds is attached to this Certificate as Schedule B.

[(b) As set forth in the Bond Purchase Agreement, the Underwriter has agreed in writing that, for each Maturity of the [Series 2021 Bonds][Undersold Maturities], they would neither offer nor sell any of the Series 2021 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Offering Period for such Maturity, nor would they permit a related party to do so.]

3. ***Defined Terms.***

- (a) [“10% Maturities” means those Maturities of the Series 2021 Bonds shown in Schedule A hereto as the “10% Maturities.”]
- (b) “Board” means Missouri Development Finance Board.
- (c) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (d) [“Offering Period” means, with respect to an Undersold Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of such Undersold Maturity to the Public at a price that is no higher than the Initial Offering Price for such Undersold Maturity.]
- (e) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Regulatory Underwriter or a related party to a

Regulatory Underwriter. The term “related party” for purposes of this Certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

- (f) *Regulatory Underwriter* means (i) any person that agrees pursuant to a written contract with the Board (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2021 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2021 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2021 Bonds to the Public).
- (g) “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2021 Bonds. The Sale Date of the Series 2021 Bonds is June __, 2021.
- (h) [“*Undersold Maturities*” means those Maturities of the Series 2021 Bonds shown in Schedule A hereto as the “Undersold Maturities.”]

The undersigned understands that the foregoing information will be relied upon by the Board and the City with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Series 2021 Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Series 2021 Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Board and the City from time to time relating to the Series 2021 Bonds.

ROBERT W. BAIRD & CO. INCORPORATED,
as the Underwriter

By:
Title:

SCHEDULE A

TO EXHIBIT A

Sale Prices of the Actually Sold Maturities and Initial Offering Prices of the Offered Maturities

[Attached]

SCHEDULE B

TO EXHIBIT A

Pricing Wire or Equivalent Communication

[Attached]

EXHIBIT B-1

Bond Counsel Supplemental Opinion Matters

[**ADD FROM CLOSING DOCUMENTS**]

EXHIBIT B-2

Disclosure Counsel Opinion Matters

[**ADD FROM CLOSING DOCUMENTS**]

EXHIBIT C

CITY COUNSELOR OPINION MATTERS

[**ADD FROM CLOSING DOCUMENTS**]

EXHIBIT D

Board Counsel Opinion Matters

[**ADD FROM CLOSING DOCUMENTS**]

EXHIBIT E

CID COUNSEL OPINION MATTERS

[**ADD FROM CLOSING DOCUMENTS**]

SECOND AMENDMENT TO COOPERATIVE AGREEMENT

THIS SECOND AMENDMENT TO COOPERATIVE AGREEMENT ("Second Amendment"), entered into as of this ____ day of _____, 2021, by and between the **CITY OF INDEPENDENCE, MISSOURI**, a constitutional home rule charter city and political subdivision of the State of Missouri (the "**City**"), and the **INDEPENDENCE EVENTS CENTER COMMUNITY IMPROVEMENT DISTRICT**, a Missouri community improvement district ("**District**" or "**CID**") (the City and the District being sometimes collectively referred to herein as the "**Parties**", and individually as a "**Party**", as the context so requires).

WITNESSETH:

WHEREAS, the City Council of Independence, Missouri (the "**City Council**"), did on December 20, 2007, pass Ordinance No. 16905 (the "**Ordinance**"), which approved formation of the District; and

WHEREAS, pursuant to the Ordinance the City and the District entered into a Cooperative Agreement dated as of December 21, 2007 (the "**Original Agreement**," together with the First Amendment to Cooperative Agreement dated as of May 19, 2017 (the "**First Amendment**"), and this Second Amendment, the "**Agreement**") for the purpose of providing for the levy and collection of the District Sales Tax for the purpose of funding design and construction of a multipurpose events center in the City currently known as the Cable Dahmer Arena and other Public Improvements (with capitalized terms used herein and not otherwise defined having the meaning set forth in the Original Agreement); and

WHEREAS, the District and the City desire to provide for financing additional Public Improvements, as well as use of certain District Sales Tax proceeds to maintain the Public Improvements and provide for the payment of District Services Costs;

NOW, THEREFORE, for and in consideration of the premises, and the mutual covenants herein contained, the Parties agree as follows:

ARTICLE 1: DEFINITIONS, RECITALS AND EXHIBITS

Section 1.1 Recitals and Exhibits.

The representations, covenants and recitations set forth in the foregoing recitals and the exhibits attached to this Second Amendment are material to this Second Amendment and are hereby incorporated into and made a part of this Second Amendment as though they were fully set forth in this Section, and the appropriate exhibits are incorporated into each Section of this Second Amendment that makes reference to an exhibit.

Section 1. Definitions.

Section 1.2 of the Original Agreement is hereby amended by the substitution of the following defined terms for those definitions in the Original Agreement and the addition of the following terms which are not contained in the Original Agreement. Defined terms used this Second Amendment and not otherwise defined shall have the meaning set forth in the Original Agreement, as amended.

“District Services Costs” means costs of providing services authorized under the CID Act, to the extent such services are authorized by the Board of Directors and approved by the City Manager or Finance Director of the City.

"Public Improvement Costs" means all actual and reasonable costs and expenses which are incurred by or at the direction of the City with respect to construction of the Public Improvements, including the actual and reasonable cost of labor and materials payable to contractors, builders, suppliers, vendors and materialmen in connection with the construction contracts awarded in connection with the Public Improvements that are constructed or undertaken, plus all actual and reasonable costs to plan, finance, develop, design and acquire the Public Improvements, including but not limited to the following:

A. actual and reasonable costs of issuance and capitalized interest, if any, for any Obligations issued to finance the Public Improvements;

B. actual and reasonable fees and expenses of architects, appraisers, attorneys, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and items necessary to the commencement of construction, financing, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, attorneys, surveyors and engineers in relation to the construction of the Public Improvements and all actual and reasonable costs for the oversight of the completion of the Public Improvements including overhead expenses for administration, supervision and inspection incurred in connection with the Public Improvements; and

C. all other items of expense not elsewhere specified in this definition which may be necessary or incidental to the review, approval, acquisition, construction, improvement, financing and maintenance of the Public Improvements and which may lawfully be paid or incurred by the District under the CID Act.

Section 2. Representations by the District.

The District represents that:

A. The District is a community improvement district and political subdivision, duly organized and existing under the laws of the State of Missouri, including particularly the CID Act.

B. The District has authority to enter into this Second Amendment and to carry out its obligations under this Second Amendment. By proper action of its Board of Directors, the District has been duly authorized to execute and deliver this Second Amendment, acting by and through its duly authorized officers.

C. The Public Improvements are authorized in the Petition. The Public Improvements will be financed by collective action of the Parties.

D. The execution and delivery of this Second Amendment, the consummation of the transactions contemplated by this Second Amendment, and the performance of or compliance with the terms and conditions of this Second Amendment by the District will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the District is a party or by which it or any of its property is bound, or any order, rule or regulation of any court or governmental body applicable to the District or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District under the terms of any instrument or agreements to which the District is a party.

E. Consideration and public benefit: The District acknowledges that construction of the Public Improvements is of significant value to the District, the property within the District and the general public. The District finds and determines that the Public Improvements have and will promote the economic welfare and the development of the City and the State of Missouri through: (i) the creation of temporary and permanent jobs; (ii) stimulating additional development in the area near the Events Center and the Public Improvements; (iii) increasing local and state tax revenues; and (iv) providing necessary improvements for the District and for other surrounding development. Further, the District finds that the Public Improvements and the Events Center conform to the purposes of the CID Act.

F. There is no litigation or proceeding pending or threatened against the District affecting the right of the District to execute or deliver this Second Amendment or the ability of the District to comply with its obligations under this Second Amendment or which would materially adversely affect its financial condition.

Section 3. Representations by the City.

The City represents that:

A. The City is duly organized and existing under the Constitution and laws of the State of Missouri as a constitutional home rule charter city.

B. The City has authority to enter into this Second Amendment and to carry out its obligations under this Second Amendment, and the City Manager of the City is duly authorized to execute and deliver this Second Amendment.

C. The execution and delivery of this Second Amendment, the consummation of the transactions contemplated by this Second Amendment, and the performance of or compliance with the terms and conditions of this Second Amendment by the City will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the City is a party or by which it or any of its property is bound, or any order, rule or regulation of any court or governmental body applicable to the City or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City under the terms of any instrument or agreement to which the City is a party.

D. There is no litigation or proceeding pending or threatened against the City affecting the right of the City to execute or deliver this Second Amendment or the ability of the City to comply with its obligations under this Second Amendment.

Section 4. Amendment of Section 3.6 of the Original Agreement. Section 3.6 of the Original Agreement is hereby amended to read as follows:

Section 3.6. Distribution of the District Sales Tax Revenue.

Beginning in the first month following the effective date of the District Sales Tax and continuing each month thereafter until the expiration or repeal of the District Sales Tax, the City shall, not later than the fifteenth (15th) day of each month distribute the District Sales Tax Revenues received in the preceding month in the following order of priority:

- A. The City shall pay the Administration Fee.
- B. The City shall pay the Operating Costs of the District.
- C. The City shall make any Debt Service payments, to the extent required for outstanding Obligations.
- D. The City shall disburse all remaining District Sales Tax Revenue to pay for Public Improvement Costs and District Services Costs, to the extent not paid from the proceeds of Obligations.

In the event that other funding sources are approved by the City and imposed by the District, revenue from such additional sources of funds shall be expended in the order of priority as set forth in this Section 3.6, unless otherwise specifically approved by the City.

Amounts under subsection D. may be disbursed at such time and in such amounts as are approved by the City Manager or Finance Director of the City and the President or Executive Director of the Board of Directors of the District, taking into account the timing and amount of payments to be made under subsection C.

Section 5. Amendment of Section 4.5 of the Original Agreement. Section 4.5 of the Original Agreement is hereby amended to read as follows:

Section 4.5 New Public Improvements.

The District may use District Sales Tax Revenue, as such revenues are available, to pay Public Improvement Costs for new District projects which have been determined by the Board of Directors to be necessary and approved in accordance with the CID Act. The District shall not undertake new District projects without the prior approval of the City, which may be granted by the City Manager, Finance Director or City Council. Payments due to the City pursuant to the priority established in Section 3.6 for Administration Fees shall take priority over any costs associated with new District projects.

Section 6. Ratification of Original Agreement. The Original Agreement, as previously amended by the First Amendment, and as further amended by this Second Amendment, is hereby ratified and confirmed by the Parties. The Original Agreement, as so amended and supplemented, shall be read as one instrument.

Section 7. Severability. If any provision in this Second Amendment shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 8. Execution in Counterparts. This Second Amendment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 9. Governing Law. This Second Amendment shall be governed by and construed in accordance with the laws of the State of Missouri.

Section 10. Electronic Storage of Documents The Parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means.

[**DUPLICATES PRIOR PROVISIONS.**]

IN WITNESS WHEREOF, the **DISTRICT** and the **CITY** have caused this instrument to be executed on their behalf all as of the date first above written.

**INDEPENDENCE EVENTS CENTER
COMMUNITY IMPROVEMENT DISTRICT**

By: _____
President

(Seal)

CITY OF INDEPENDENCE, MISSOURI

By: _____
City Manager

(Seal)

ATTEST:

By: _____
City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2021

**NEW ISSUE
(Book Entry Only)**

**S&P Rating - “__”
See “RATING” herein.**

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

MISSOURI DEVELOPMENT FINANCE BOARD

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

Dated: Date of Delivery

Due: See Inside Cover Page

The Series 2021 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Series 2021 Bonds will be paid from moneys available therefore under the Indenture (herein defined) by UMB Bank, N.A., Kansas City, Missouri, as Trustee and Paying Agent. Principal of the Series 2021 Bonds will be due as shown on the inside cover page. Interest on the Series 2021 Bonds will be payable on each April 1 and October 1, beginning on April 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) an assignment and a pledge of Loan Payments made by the City of Independence, Missouri (the “City”), pursuant to the Financing Agreement between the Missouri Development Finance Board (the “Board”) and the City, which Financing Agreement includes a covenant of the City to seek annual appropriations by its City Council of legally available funds for payment of Loan Payments sufficient to pay debt service on the Series 2021 Bonds; (ii) subject to the conditions and limitations described herein, certain CID Sales Tax Revenues and TIF Revenues; and (iii) certain other funds held by the Trustee under the Indenture. See “SECURITY AND SOURCES OF PAYMENT 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 the Events Center or any other facilities or property of the City.

THE SERIES 2021 BONDS ARE NOT AN INDEBTEDNESS OF THE BOARD, THE CITY, THE CID, THE STATE OF MISSOURI (THE “STATE”) OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE CID, 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 CID, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT, EXCEPT AS OTHERWISE DESCRIBED HEREIN. THE BOARD HAS NO TAXING POWER.

The 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 on for the City by Lauber Municipal Law, LLC, Lee’s Summit, Missouri, serving as the City Counselor of Independence, Missouri, for the Board by Gilmore & Bell, P.C., Kansas City, Missouri, and for the CID by Armstrong Teasdale LLP. It is expected that the Series 2021 Bonds will be available for delivery through DTC in New York, New York on or about November __, 2021.

Robert W. Baird & Co. Incorporated

The date of this Official Statement is ____, 2021

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor may there be any sale of these securities in any jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MISSOURI DEVELOPMENT FINANCE BOARD

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

Dated: Date of Delivery

Due: April 1 as shown below

Maturity Schedule*

Serial Bonds**

<u>Due April 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Offering Price</u>	<u>CUSIP No.†</u>
-------------------------------	------------------------------------	---------------------------------	----------------------------------	--------------------------

Term Bonds

<u>Due April 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Offering Price</u>	<u>CUSIP No.†</u>
-------------------------------	------------------------------------	---------------------------------	----------------------------------	--------------------------

* Preliminary, subject to change.

** Serial maturities may be aggregated into one or more term bonds with mandatory sinking fund payments per the serial maturity schedule.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Board, the City, the CID, the Municipal Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Board, the City, the CID, 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, the CID 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 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, the CID or the City since the date hereof.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

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 “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 those discussed in the **“BONDOWNERS’ RISKS”** section of this Official Statement as well as under the caption **“THE CID – Projected Debt Service Coverage of the CID Sales Tax Revenues.”** The City undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

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OFFICIAL STATEMENT

MISSOURI DEVELOPMENT FINANCE BOARD

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

INTRODUCTORY STATEMENT

*The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in **Appendix 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 series of bonds (the “Series 2021 Bonds”), (ii) the City of Independence, Missouri (the “City”), (iii) the Independence Events Center Community Improvement District, a political subdivision of the State of Missouri (the “CID”), and (iv) the Events Center Project more fully described herein (the “Events Center”).

The Board

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

The City

The City is a constitutional charter city and political subdivision of the State. See the caption “**THE CITY**” herein and “**Appendix A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI.**”

The CID

The CID is a community improvement district, and a political subdivision of the State, formed under Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the “CID Act”). The CID was formed on December 20, 2007, through the passage of an ordinance by the City Council of the City. See the caption “**THE CID**” herein.

Loan of Bond Proceeds

The proceeds of the Series 2021 Bonds will be loaned by the Board to the City pursuant to a Financing Agreement dated as of April 1, 2008 as supplemented and amended by a Series 2008H Supplemental

* Preliminary, subject to change.

Financing Agreement dated as of November 1, 2008, a Series 2009A Supplemental Financing Agreement dated as of February 1, 2009, a Series 2009F Supplemental Financing Agreement dated as of April 1, 2009, a Series 2010A Supplemental Financing Agreement dated as of March 1, 2010, a 2011A Supplemental Financing Agreement dated as of November 15, 2011, a Series 2012C Supplemental Financing Agreement dated as of October 15, 2012, a Series 2016A Supplemental Financing Agreement dated as of July 1, 2016, and a Series 2021 Supplemental Financing Agreement dated as of November 1, 2021 (collectively, the “Financing Agreement”) to provide funds, together with other available money, to refund, on a current basis, one series of bonds previously issued by the Board for the benefit of the City (the “Refunded Bonds” as further described herein) to finance a portion of the costs of completing a multipurpose events center in the City (the “Events Center”). A description of the Events Center is set forth under the caption **“THE EVENTS CENTER PROJECT.”** The proceeds of the Series 2021 Bonds will also be used to pay the costs of issuing the Series 2021 Bonds and the incidental costs of refunding the Refunded Bonds, all as more fully described herein under the caption **“PLAN OF FINANCING – Estimated Sources and Uses of Funds.”**

The Series 2021 Bonds

The Series 2021 Bonds will be issued pursuant to the Act and the Bond Trust Indenture dated April 1, 2008 as supplemented and amended by a Series 2008H Supplemental Bond Trust Indenture dated as of November 1, 2008, a Series 2009A Supplemental Bond Trust Indenture dated as of February 1, 2009, a Series 2009F Supplemental Bond Trust Indenture dated as of April 1, 2009, a Series 2010A Supplemental Bond Trust Indenture dated as of March 1, 2010, a Series 2011A Supplemental Bond Trust Indenture dated as of November 15, 2011, a Series 2012C Supplemental Bond Trust Indenture dated as of October 15, 2012, a Series 2016A Supplemental Bond Trust Indenture dated as of July 1, 2016, and a Series 2021 Supplemental Bond Trust Indenture dated as of November 1, 2021 (collectively, the “Indenture”), all between the Board and UMB Bank, N.A., Kansas City, Missouri (as successor to Commerce Bank, and as named trustee, the “Trustee”), for the purpose of providing funds to make a loan to the City pursuant to the Financing Agreement, in consideration of payments by the City, which will be sufficient to pay the principal of, premium, if any, and the interest on the Series 2021 Bonds, all as more fully described in the Financing Agreement and the Indenture. A description of the Series 2021 Bonds is contained in this Official Statement under **“THE SERIES 2021 BONDS.”** All references to the Series 2021 Bonds are qualified in their entirety by the definitive forms thereof and the provisions with respect thereto included in the Indenture and the Financing Agreement.

Security for the Series 2021 Bonds

The Series 2021 Bonds and the interest thereon are special, limited obligations of the Board payable by the Board solely from (1) certain payments to be made by the City under the Financing Agreement, (2) subject to the conditions described herein, certain CID Sales Tax Revenues and TIF Revenues; and (3) certain other funds held by the Trustee under the Indenture, and not from any other fund or source of the Board. 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. Except as noted herein, all payments by the City under the Financing Agreement are subject to annual appropriation. Pursuant to the Indenture, the Board will assign to the Trustee, for the benefit and security of the registered owners of the Series 2021 Bonds, substantially all of the rights of the Board in the Financing Agreement, including all Loan Payments and Additional Payments payable thereunder. As described below, the Board’s Series 2012C Bonds and Series 2016A Bonds previously issued for the Events Center and the Series 2021 Bonds are secured on a parity as to the pledge of CID Sales Tax Revenues and TIF Revenues, but are not secured on a parity as to the debt service reserve funds previously established for the Series 2012C Bonds and the Series 2016A Bonds. No debt service reserve fund was established for the Refunded Bonds and no debt service reserve fund is being established for the Series 2021 Bonds. The Series 2012C Bonds, the Series 2016A Bonds and the Series 2021 Bonds are referred to herein as the “Events Center Bonds.”

The Series 2021 Bonds are not an indebtedness of the Board, the City, the CID, the State or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State.

Neither the full faith and credit nor the taxing powers of the City, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the 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 therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power. See **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS”** herein.

Annual Appropriation Covenant

The Financing Agreement contains an annual appropriation covenant pursuant to which the City agrees to budget and appropriate sufficient moneys to pay all Loan Payments and reasonably estimated Additional Payments for the next succeeding fiscal year. If the City continues to appropriate such moneys, the City’s obligations to make Loan Payments and Additional Payments will be payable from General Fund and other available revenues of the City for that fiscal year. The taxing power of the City is not pledged to the payment of Loan Payments either as to principal or interest. See the caption **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – City Annual Appropriation Obligation.”**

Additional Bonds

The Indenture provides for the issuance of additional bonds (“Additional Bonds”) which, if issued, would rank on a parity with the Events Center Bonds and any other bonds then outstanding under such Indenture issued on a parity with the Events Center Bonds. See **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Additional Bonds”** and **“SUMMARY OF THE INDENTURE – Authorization of Additional Bonds”** in Appendix C hereto.

The Series 2021 Bonds are the ninth series of bonds to be issued for the Events Center and the fourth of such series issued to refund a prior series of bonds issued for the Event Center. A portion of the cost the Events Center was financed by the Board in April 2008 through the issuance of its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008D in the aggregate principal amount of \$12,325,000 (the “Series 2008D Bonds”), in November 2008 through the issuance of its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2008H in the aggregate principal amount of \$10,725,000 (the “Series 2008H Bonds”) (which were refunded with proceeds of the Series 2011A Bonds described below), in February 2009 through the issuance of its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2009A in the aggregate principal amount of \$15,190,000 (the “Series 2009A Bonds”), in April 2009 through the issuance of its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2009F in the aggregate principal amount of \$44,045,000 (the “Series 2009F Bonds”) and in March 2010 through the issuance of its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project) Series 2010A in the aggregate principal amount of \$2,950,000. The Series 2008H Bonds were advance refunded in November, 2011 with proceeds of the Board’s Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project Series 2011A which were issued in the amount of \$11,815,000 (the “Series 2011A Bonds”). The Series 2009A Bonds, the Series 2009F Bonds and the Series 2010A Bonds were advance refunded with proceeds of the Board’s Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2012C which were issued in the amount of \$68,845,000 (the “Series 2012C Bonds”). The Series 2008D Bonds were advance refunded with proceeds of the Board’s Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri - Events Center Project), Series 2016A which were issued in the amount of \$12,005,000 (the “Series 2016A Bonds”).

The proceeds of the Series 2021 Bonds will be used to refund, on a current basis, all of the outstanding Series 2011A Bonds. After the issuance of the Series 2021 Bonds, the Series 2012C Bonds, the Series 2016A Bonds and the Series 2021 Bonds will remain outstanding.

The Series 2012C Bonds, the Series 2016A Bonds and the Series 2021 Bonds are secured on a parity as to the pledge of CID Sales Tax Revenues and TIF Revenues described herein, provided that the debt service reserve funds previously established for the Series 2012C Bonds and the Series 2016A Bonds do not secure the Series 2021 Bonds. No debt service reserve fund is being established for the Series 2021 Bonds.

The Series 2021 Bonds are anticipated to constitute the first part of refunding and improvement transactions planned for the benefit of the Events Center. In early 2022, the City and the CID intend to issue refunding bonds to redeem the Series 2012C Bonds (currently outstanding in the principal amount of \$64,230,000) and issue a new money portion estimated to be sized in a manner as to not increase the total debt service as compared to the outstanding Events Center Bonds prior to the refunding of the Refunded Bonds and the Series 2012C Bonds.

CID Sales Tax Revenues

As more fully described herein, the City's obligation to make Loan Payments with respect to the Series 2021 Bonds under the Financing Agreement will, in addition to the annual appropriation covenant discussed in the preceding paragraph, be secured by the CID Sales Tax Revenues (defined herein). The CID Sales Tax Revenues are subject to annual appropriation by the Board of Directors of the CID. The CID Sales Tax Revenues consist of the collections of a sales tax levied by the CID, less certain administration and collection costs.

Subordinate Lien on Certain TIF Revenues

The City will, on a subordinate basis, subject to annual appropriation, pledge certain TIF Revenues from three existing tax increment financing ("TIF") redevelopment areas to the payment of the Series 2021 Bonds. The TIF Revenues available to make payments on the Series 2021 Bonds will be limited to an amount equal to 50% of the CID Sales Tax Revenues generated within the four tax increment financing districts and which are captured by those existing TIF districts, and not from any other revenues generated as a result of tax increment financing in those districts. The City has completed amendments to the applicable TIF Plans to allow the funding of the Events Center from these revenues on a subordinate basis. The pledge of such revenues will be subordinate to the payment of other outstanding bonds issued by the Board for projects unrelated to the Events Center and the payment of certain other amounts and will be also be subordinate to the payment of other bonds that the Board may issue in the future payable from such revenues. There is no limit on the amount of additional bonds the City may issue that are payable from such TIF Revenues. As a result, potential investors should not purchase the Series 2021 Bonds in reliance on the availability of such TIF Revenues for payment of the Series 2021 Bonds. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Subordinate Lien on Certain TIF Revenues"** herein.

Bondowners' Risks

Payment of the principal of and interest on the Series 2021 Bonds is primarily dependent upon the collection of CID Sales Tax Revenues and the City's decision to continue to annually appropriate sufficient moneys to make Loan Payments under the Financing Agreement. 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. The information will include a description of the CID Sales Tax Revenues and TIF Revenues received by the City. A form of the Continuing Disclosure Undertaking is attached to this Official Statement in **Appendix G** hereto.

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. Summaries of the Indenture, the Financing Agreement, the City's Authorizing Ordinance and the Cooperative Agreement between the CID and the City (as amended, the "Cooperative Agreement") are included in this Official Statement in **Appendix C** hereto, except as otherwise noted. 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, UMB Bank, N.A., Corporate Trust Department, 928 Grand Blvd, 12th Floor, Kansas City, MO 64106. Copies of such documents and the other documents described herein will be available at the offices of the Underwriter, Robert W. Baird & Co. Incorporated, at 8000 Maryland Avenue, Suite 500, Clayton, Missouri 63105 during the period of the offering and, thereafter, at the office of the Trustee.

THE BOARD

General

The issuer of the Series 2021 Bonds is the Missouri Development Finance Board (the "Board"). The Board is a body corporate and politic 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"). The Series 2021 Bonds will be authorized and issued by the Board under the provisions of the statutes of the State of Missouri, 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 expired 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 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. 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

Incorporated in 1849, the City of Independence, Missouri (the “City”) is the county seat of Jackson County, Missouri and adjoins Kansas City, Missouri to the west. The City is the fifth largest city in Missouri. The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the voters in October 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms. Certain information describing the City is attached hereto in **Appendix A**.

PLAN OF FINANCING

Events Center Refunding

To effect the refunding of the Refunded Bonds a portion of the proceeds of the Series 2021 Bonds will be deposited in an Escrow Fund created under a letter of instructions to redeem bonds (the “Escrow Agreement”) from the Board and the City to the Trustee, as Escrow Agent. The moneys deposited in the Escrow Fund will be sufficient, without consideration of reinvestment, to pay the principal of and interest on the Refunded Bonds on the redemption date. The Escrow Agent will transfer sufficient moneys for the payment and redemption of the Refunded Bonds on the redemption date thereof to the Trustee, as paying agent for the Refunded Bonds.

Set forth below is a description of the Refunded Bonds:

Series 2011A Bonds to be Refunded

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
April 1, 2029	\$2,730,000	5.250%	60636C3U1	__/__/21	100%
April 1, 2031	1,245,000	5.375	60636C3V9	__/__/21	100
April 1, 2038	6,840,000	5.500	60636C3W7	__/__/21	100

Verification of Mathematical Computations

Upon delivery of the Series 2021 Bonds, Robert Thomas CPA, LLC, a firm of independent certified public accountants, will deliver a report verifying the mathematical accuracy of certain computations relating to the adequacy of the amounts held in the Escrow Fund to pay the principal of and interest on the Refunded Bonds on the redemption date.

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Estimated Sources and Uses of Funds*

The proceeds of the Events Center Bonds will be applied as follows:

Sources of Funds:

Principal amount
Reoffering Premium (Discount)
Contribution of Fund on Hand
Total sources of funds

Uses of Funds:

Deposit to the Escrow Fund
Costs of Issuance*
Total uses of funds

† Includes underwriter's discount.

THE CID

General

The Independence Events Center Community Improvement District (the "CID") is a community improvement district, and a political subdivision of the State of Missouri, formed under Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the "CID Act"). The CID was formed on December 20, 2007, through the passage of an ordinance by the City Council of the City.

Land Area and Existing Development

The CID encompasses approximately 1,294 acres generally located at the intersection of Interstate 70 and Missouri Highway 291, all within the city limits of the City, and as further identified in the map below. The boundaries of the CID include a significant amount of existing retail development, including the following:

1. Eastland Center: The Eastland Center Project is a tax increment financing project initiated by the City over approximately 212 acres. The Eastland Center area includes retail, commercial and hotel development, including a Costco, Lowe's and CarMax, among smaller retailers and restaurants. The site of the Events Center is also within the Eastland Center tax increment financing redevelopment area.

2. Bolger Square: The retail and commercial development in Bolger Square is anchored by Target and contains a JoAnn Fabrics and Crafts, a Dollar Tree and a Genesis Health Club, among smaller retailers and restaurants. Bolger Square was formerly a tax increment financing project but tax increment financing is no longer in effect because all eligible redevelopment project costs have been paid.

3. Independence Center: Independence Center is an indoor shopping mall with over 80 stores and restaurants including Dillard's, Dick's Sporting Goods, Old Navy, Carhartt, Forever 21 and American Eagle. Independence Center is within the boundaries of the CID but is not within an existing tax increment financing area of the City.

4. Crossroads: The Crossroads development contains a Wal-Mart Supercenter, a Sam's Club, a PetSmart, a Guitar Center Music Store and several restaurants. The Crossroads development is generally located west and north of Independence Center and is within the CID. Similar to Bolger Square, Crossroads was formerly a tax increment financing

* Preliminary, subject to change.

project but tax increment financing is no longer in effect because all eligible redevelopment project costs have been paid.

5. Independence Commons – This shopping center is located within the CID generally north of Independence Center and includes a Best Buy, Marshalls, Ross Dress for Less, Shoe Carnival, Five Below, Kohl's, a movie theater and other commercial uses. Like Bolger Square and Crossroads, Independence Commons was formerly a tax increment financing project but tax increment financing is no longer in effect because all eligible redevelopment project costs have been paid.

6. Centerpoint Project – The Centerpoint redevelopment project is comprised of a hospital facility, the Sarah Cannon Cancer Institute, an ambulatory surgery center and a medical office building. The Centerpoint Project does not generate significant sales tax revenue.

7. Trinity Project – The Trinity tax increment financing project was projected to include retail stores, including restaurants, comprising approximately 33,200 square feet, approximately 98,250 square feet of general commercial space and multiple office buildings. To date, a Drury Inn, The Corner Café, a Culver's and an Arby's restaurants are open in the Trinity Project. The CID is not aware of any additional development plans for the Trinity Project.

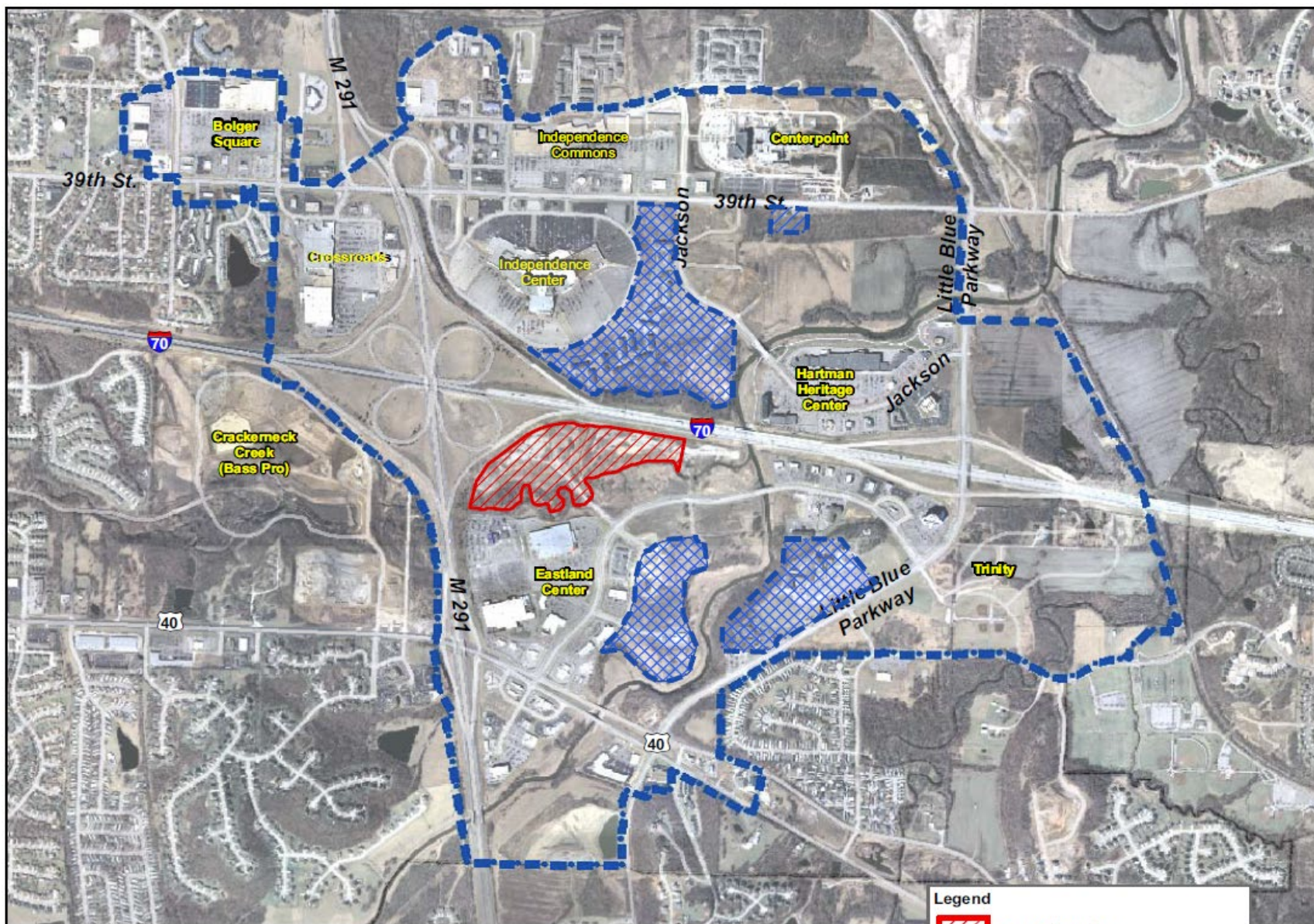
8. Hartman Heritage Center – Hartman Heritage Center contains restaurant and retail establishments, including David's Bridal, Party City, World Market, Half-Price Books, Beauty Brands as well as a 201 room Hilton Garden Inn. The Hartman Heritage Center was formerly a tax increment financing project but tax increment financing expired in May of 2021.

The CID includes numerous other smaller retail establishments, restaurants and other commercial uses.

The CID is also adjacent to the Crackerneck Creek redevelopment project. The Crackerneck Creek project includes a Bass Pro Store, a hotel, a Duluth Trading Company and other retail and restaurant uses. The Crackerneck Creek Project is not in the CID.




A map of the boundaries of the CID is included on the following page. The map identifies the general location of the other developments described above. Areas noted as being excluded from the CID boundaries are residential areas. The CID does not include any residential uses.

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1 inch equals 1,458 feet

Independence Events Center CID Boundary

Legend	
	Events Center Site
	Areas Excluded from CID
	Events Center CID Boundary

CID Governance and Administration

The CID Act vests all power of the CID in a Board of Directors. The Board of Directors is appointed by the City. Members of the Board of Directors serve a term of four years, except that the term of the initial members of the Board of Directors are staggered so that the terms of the initial members are either two-year or four-year terms. Each director serves without compensation and may be removed by the CID with cause. The by-laws of the CID provide for the annual election of officers.

The current directors and officers of the CID and the date on which their terms expire are as follows:

Name	Office	Affiliation	Term Expires
Mark Randall	Chairman and Executive Director	City of Independence, Asst. City Manager	12/19/2019
Morris Heide	Vice-Chairman	City of Independence, Director of Parks & Recreation	12/19/2021
Bryan Kidney	Treasurer	City of Independence, Director of Finance	12/19/2019

To be eligible to serve as a Director an individual must be (1) at least twenty-one years of age; and (2) be either an owner, or representative of an owner, of real property within the CID. There are currently two vacant seats on the CID board. CID board members continue to serve until their replacement is appointed. Three of the five board members must be City employees.

The CID has entered into a Cooperative Agreement with the City (as amended, the “Cooperative Agreement”) which provides that the CID will, subject to annual appropriation by the CID, remit the collections of the CID Sales Tax to the City on a monthly basis. The City will then apply the CID Sales Tax Revenues to make principal and interest payments on the Series 2021 Bonds. So long as no Event of Default shall have occurred and be continuing under the Financing Agreement, any CID Sales Tax Revenues determined by the City to be in excess, together with other funds available for such purpose, of the amounts due on the loans relating to Events Center Bonds on the next payment date for such loans may be applied by the City and the CID as provided in the Cooperative Agreement with respect to amounts remaining after the payment of debt service (see “**SUMMARY OF THE COOPERATIVE AGREEMENT – Distribution of the District Sales Tax Revenue**” in **Appendix C** hereto for a description of the priority of distribution of revenues under the Cooperative Agreement), which includes expenditures for public improvements and services eligible for funding under the CID Act and the Cooperative Agreement. These include such things as a bus or trolley system to operate in the area of the CID and certain costs related to the Events Center not paid out of the proceeds of Events Center Bonds.

CID Sales Tax

On February 26, 2008, the qualified voters of the CID approved the imposition of a sales tax in the amount of up to one percent (1.0%) on all transactions that are taxable pursuant to the CID Act (the “CID Sales Tax”). The original intention of the CID, which was presented to the voters of the CID during the election process, is that the CID Sales Tax will be imposed at a rate of 0.5% for a period of 20 years and thereafter be increased to 0.625% for the remaining life of the CID, provided that the rate of the tax would be increased if necessary, but only to the maximum of 1.0%, to pay debt service on any bonds issued to finance the completion of the Events Center.

In 2011, the CID Board of Directors authorized an increase in the rate of the CID Sales Tax to 0.75% (which became effective July 1, 2012), and in 2018, the CID Board of Directors authorized an increase in the

rate of the CID Sales Tax to 1.0% (which became effective January 1, 2019). The CID Sales Tax is currently being imposed at its maximum rate. See **“Projected Debt Service Coverage of the CID Sales Tax Revenues”** below.

The CID Sales Tax can remain in effect for a total of 35 years. Businesses having taxable sales in the CID will collect the CID Sales Tax and forward it to the State of Missouri, which in turn will remit the CID Sales Tax to the CID. Collection of the CID Sales Tax began July 1, 2008.

In the Cooperative Agreement, the CID has covenanted, subject to annual appropriation by the Board of Directors of the CID, to remit moneys it receives from the CID Sales Tax to the City. The City has covenanted under the Financing Agreement to use CID Sales Tax Revenues for payment of the Series 2021 Bonds. CID Sales Tax Revenues consist of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the City for administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue. In addition to the 2% administration and accounting expenses, the City estimates that CID operating costs (e.g. such things as insurance, legal, auditing and banking costs) will be approximately \$25,000 per year. The CID also budgets for contractual and capital improvement expenses for the benefit of the Events Center. Such expenses are generally budgeted from the existing unallocated fund balance of the CID and historically have ranged in amounts up to \$3.4 million. The City anticipates that such amounts could increase in the future as the facility ages and additional capital and maintenance costs are necessarily incurred to keep the facility operating at its current level.

Pursuant to the Authorizing Ordinance, the City will use the CID Sales Tax Revenues to make principal and interest payments on the Series 2021 Bonds. The City may use CID Sales Tax Revenues which are in excess of the amounts necessary for the payment of debt service on Events Center Bonds for the purpose of paying costs of public improvements and services in the CID. See **“SUMMARY OF THE AUTHORIZING ORDINANCE”** and **“SUMMARY OF THE COOPERATIVE AGREEMENT – Distribution of the District Sales Tax Revenue”** in Appendix C hereto. The CID Sales Tax Revenues are subject to annual appropriation by the Board of Directors of the CID.

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Projected Debt Service Coverage of the CID Sales Tax Revenues

The CID Sales Tax was initially levied at the rate of 0.5% and the CID Board of Directors has authorized increases in the tax to 0.75%, effective as of July 1, 2012, and to 1.0%, effective as of January 1, 2019. The CID Sales Tax is currently being imposed at its maximum rate. See “**THE CID – CID Sales Tax**” herein.

During the last five Fiscal Years, the CID Sales Tax Revenues were as follows:

<u>Fiscal Year</u>	<u>CID Sales Tax Collected</u>	<u>Operating Costs and Administrative Fees</u> ⁽¹⁾	<u>Net CID Sales Tax Revenues</u>
2021 ⁽²⁾	\$8,024,737	\$177,789	\$7,846,948
2020	7,783,055	180,118	7,602,937
2019 ⁽³⁾	6,793,078	164,638	6,628,440
2018	5,973,582	132,996	5,840,586
2017	5,770,850	128,242	5,642,608

⁽¹⁾ Includes only CID operating costs and does not include capital costs and other costs of the Events Center facility.

⁽²⁾ Fiscal Year 2021 figures are unaudited; operating costs and administrative fees for Fiscal Year 2021 are based on projected ending amounts provided in the CID’s 2021-2022 operating budget.

⁽³⁾ The CID Sales Tax rate was increased from 0.75% to 1.0%, effective as of January 1, 2019.

The annual debt service on the Series 2012C Bonds, Series 2016A Bonds and the Series 2021 Bonds* is as shown below. Based on current debt service numbers, FY 2021 CID Sales Tax Revenues would provide positive debt service coverage through the year 20 ____.*

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* Preliminary, subject to change.

The following table summarizes annual debt service requirements for the Series 2012C Bonds, the Series 2016A Bonds and the Series 2021 Bonds (based on projected debt service for the Series 2021 Bonds):

**Aggregate Debt Service for Series 2012C Bonds,
Series 2016A Bonds and the Series 2021 Bonds***

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>DSRF</u>	<u>Net DS</u>
6/30/2022			-	
6/30/2023			-	
6/30/2024			-	
6/30/2025			-	
6/30/2026			-	
6/30/2027			-	
6/30/2028			-	
6/30/2029			-	
6/30/2030			-	
6/30/2031			-	
6/30/2032			-	
6/30/2033			-	
6/30/2034			-	
6/30/2035			-	
6/30/2036			-	
6/30/2037			-	
6/30/2038			-	

The Series 2021 Bonds are anticipated to constitute the first part of refunding and improvement transactions planned for the benefit of the Events Center. In early 2022, the City and the CID intend to issue refunding bonds to redeem the Series 2012C Bonds (currently outstanding in the principal amount of \$64,230,000) and issue a new money portion estimated to be sized in a manner as to not increase the total debt service as compared to the outstanding Events Center Bonds prior to the refunding of the Refunded Bonds and the Series 2012C Bonds. Additionally, the City will continue to monitor refunding opportunities for Events Center Bonds. Nothing in the Indenture or Financing Agreement requires the City to have a positive coverage of debt service. The issuance of the Additional Bonds, if any, is not subject to any parity test so long as the City secures such Additional Bonds with its annual appropriation covenant. The City may in the future issue refunding or new money bonds in a manner that increases the total debt service on Events Center Bonds.

The City will continue to evaluate revenues from the CID Sales Tax in the structuring of Additional Bonds if any are issued. However, there can be no assurance that CID Sales Tax Revenues will increase either initially or over time. See **“THE CITY’S GENERAL FUND – 2021-2022 Operating Budget,” “BONDOWNERS RISKS – Risk Factors Relating to the City’s Obligations to Make Loan Payments – General Fund Capacity,” “ – Risk Factors Relating to the Collection of CID Sales Tax and TIF Revenues – Changes in Retail Sales Market Conditions”** and **“Appendix B - COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020; THE CITY’S UNAUDITED MONTHLY FINANCIAL AND OPERATING REPORT FOR JUNE 2021; THE CITY’S 2021-2022 OPERATING BUDGET.”**

THE EVENTS CENTER PROJECT

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, each 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, as identified on the CID boundary map above. The Events Center is owned by the City.

Events Center

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 Loretto Sports Ventures, LLC, a Texas limited liability company in January of 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 “Mavericks”) that is currently playing its home games at the Events Center. The Mavericks are part of the East Coast Hockey League, which is a 27-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 15 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 2021-2022 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.

Infrastructure Improvements

Site infrastructure improvements have been completed to accommodate the Events Center. 2,000 on-site parking spaces have been constructed and streets necessary to access the Events Center have also been completed. Other completed improvements include utilities to the site, landscaping, grading, drainage, and erosion control.

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 the Events Center or any other facilities or property of the City. The City will not pledge any operating revenues from the Events Center to the payment of the Series 2021 Bonds.

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 employees that provide for the day to day operation of the Events Center are employed by the IECMC and not 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 currently intends to pay the shortfalls but has no legal obligation to do so. The anticipated source for funding any 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, CID Sales Tax Revenues, TIF Revenues 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 in the form of the Events Center Bonds. 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 with debt service included as an expense, but its debt service burden is subsidized by the CID. In recent years, the 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 CID and the debt service on the Events Center Bonds. CID Sales Tax Revenues totaled \$_____ and \$_____ in Fiscal Years 2020 and 2021, respectively, versus debt service due of \$_____ and \$_____, respectively. See **“THE CID – Projected Debt Service Coverage of the CID Sales Tax Revenues”** for historical collections of CID Sales Tax Revenues.

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.

THE CITY’S GENERAL FUND

Introduction

The General Fund is the City’s primary operating fund and accounts for the financial resources of the general governmental operations of the City, with the exception of those required to be accounted for in another fund. Based on the City’s 2021-2022 Operating Budget approved by the City Council, 85% of the City’s General Fund expenditures for Fiscal Year 2022 will consist of salary and benefits, 14% will consist of other operating expenses, and the remaining 1% will consist of equipment, debt service and contingency. During such period, the 2021-2022 Operating Budget anticipates that 31% of the City’s General Fund expenditures will relate to the fire department, 42% will relate to the police department, 19% will relate to general government and municipal services, and the remaining 8% will relate to community development, municipal court and non-departmental expenses. See **“APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020; THE CITY’S UNAUDITED MONTHLY FINANCIAL AND OPERATING REPORT FOR JUNE 2021; THE CITY’S 2021-2022 OPERATING BUDGET.”**

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

The following table sets forth a summary of the statement of revenues, expenditures, and changes in fund balances for the General Fund for Fiscal Years 2017 through 2020 based on the City's audited financial statements for such years and for Fiscal Year 2021 based on un-audited information provided by City Staff:

	<u>Fiscal Year Ended June 30</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u> ⁽¹⁾
Revenues:					
Taxes	\$34,365,768	\$35,210,279	\$34,475,439	\$33,455,975	\$32,439,613
Licenses and permits	5,330,354	4,598,143	4,733,488	5,012,961	4,772,400
Intergovernmental	5,349,727	5,349,156	5,246,676	5,106,634	5,655,410
Charges for services	2,305,140	2,431,168	2,454,494	2,538,096	2,013,571
Interfund charges for support services	4,943,014	5,099,696	5,035,500	5,035,500	5,035,500
Fines, forfeitures, and court costs	3,855,121	3,716,388	3,913,825	2,890,421	2,152,627
Investment income	82,327	99,270	430,482	447,157	86,640
Other	911,612	879,305	822,138	1,236,303	1,319,969
Total	\$57,143,063	\$57,383,405	\$57,112,042	\$55,723,047	\$53,475,730
Expenditures:					
Administrative services	\$7,802,582	\$8,029,276	\$10,401,559 ⁽³⁾	\$8,564,556	\$8,598,725
Public safety	44,963,466	46,702,810	54,253,432 ⁽²⁾⁽³⁾	55,781,405	55,311,652
Public works / Municipal services	4,614,587	5,160,869	6,635,525	4,936,540	5,256,263
Health and Welfare	1,848,932	1,518,497 ⁽²⁾	-	-	69,009 ⁽²⁾
Culture and recreation	1,458,987	1,444,728	2,116,353 ⁽²⁾⁽³⁾	1,798,035	79
Community development	4,082,292	4,438,261	5,083,553	4,797,872	3,902,963
General government	8,497,811	8,839,125 ⁽³⁾	341,595 ⁽³⁾	18,000 ⁽³⁾	-
Capital outlay	293,748	317,369	-	-	1,192,500
Debt service	121,522	159,795	160,457	165,670	165,879
Total	\$73,683,927	\$76,610,730	\$78,992,474	\$76,062,078	\$74,497,070
Excess (deficiency) of revenues over expenditures	\$(16,540,864)	\$(19,227,325)	\$(21,880,432)	\$(20,339,031)	\$(21,021,340)
Other sources:					
Utility payments in lieu of taxes	\$18,998,671	\$20,067,531	\$20,370,728	\$19,191,559	\$19,255,236
Capital Lease Proceeds	-	-	-	-	1,192,500
Transfers in	197,063	-	-	-	808,036 ⁽⁴⁾
Transfers out	(10,000)	(337,637)	(10,358)	(11,727)	(35,300)
Total	\$19,185,734	\$19,729,894	\$20,360,370	\$19,179,832	\$21,220,472
Net change in fund balance	\$2,644,870	\$502,569	\$(1,520,062)	\$(1,159,199)	\$199,132
Fund balance, beginning	5,653,385	8,298,255	8,800,824	7,280,762	6,121,563
Fund balance, ending	\$8,298,255	\$8,800,824	\$7,280,762	\$6,121,563	\$6,320,695

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2017 through 2020.

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

(2) In Fiscal Years 2019 and 2020, Health and Welfare expenditures were not recognized as a separate General Fund expenditure category in the City's audited financial statements, with such expenses being shifted to the Public Safety and the Culture and Recreation expenditure categories. Starting with Fiscal Year 2021, the Health and Welfare category will be re-established.

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

(4) Funds received by the City under the federal Coronavirus Aid, Relief, and Economic Security Act or "CARES Act."

General Fund Balance Sheet Summary

The following table sets forth a summary of the General Fund balance sheet for Fiscal Years 2017 through 2020 based on the City's audited financial statements for such years and for Fiscal Year 2021 based on un-audited information provided by City Staff:

	<u>Fiscal Year Ended June 30</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u> ⁽¹⁾
Assets:					
Pooled cash and investments	\$6,374,817	\$6,884,375	\$6,170,710	\$2,062,198 ⁽²⁾	\$2,813,038
Receivables:					
Taxes	12,046,236	13,309,913	12,481,216	12,134,680 ⁽³⁾	10,099,945 ⁽³⁾
Accounts, net	173,542	114,244	296,452	138,707	106,490
Special assessment principal	642,387	640,514	548,352	672,580	580,435
Accrued interest	14,551	13,054	27,107	24,961	17,129
Due from other funds	1,139,658	1,318,880	2,217,188	4,347,984 ⁽²⁾	2,054,492
Due from other governments	737,347	807,589	795,421	816,026	968,651
Prepaid Items	-	-	-	-	19,755
Restricted cash and investments	226,530	267,354	279,515	244,915	202,166
Total Assets	\$21,355,068	\$23,355,923	\$22,815,961	\$20,442,051	\$16,862,101
Liabilities:					
Accounts and contracts payable	\$447,299	\$520,846	\$706,828	\$271,804	\$266,023
Due to other funds	-	-	222,000	165,750	-
Due to other governments	-	-	-	155,367	-
Accrued items	2,808,738	3,041,222	4,598,439	3,296,793	2,332,060
Other current liabilities	591,919	889,679	711,132	889,705	1,018,650
Unearned revenue	117,882	-	-	-	-
Liabilities payable from restricted assets:					
Deposits and court bonds	226,530	267,354	279,516	244,915	202,167
Total Liabilities	\$4,192,368	\$4,719,101	\$6,517,915	\$5,024,334	\$3,818,900
Deferred Inflows of Resources:					
Unavailable - special assessments	\$642,387	\$640,514	\$550,711	\$677,914	\$580,435
Unavailable - real estate taxes	8,222,058	9,195,484	8,466,573	8,618,240	6,142,071
Total Deferred Inflows	\$8,864,445	\$9,835,998	\$9,017,284	\$9,296,154	\$6,722,506
Total liabilities and deferred inflows	\$13,056,813	\$14,555,099	\$15,535,199	\$14,320,488	\$10,541,406
Fund Balances:					
Nonspendable	-	-	-	-	\$19,755
Restricted	\$404,806	\$395,412	\$84,386	\$78,022	118,750
Committed	261,700	106,884	30,762	18,105	16,373
Assigned	1,648,808	1,268,521	574,172	723,920	462,727
Unassigned	5,982,941	7,030,007	6,591,442	5,301,516	5,703,090
Total	\$8,298,255	\$8,800,824	\$7,280,762	\$6,121,563	\$6,320,695
Total liabilities, deferred inflows of resources, and fund balance	\$21,355,068	\$23,355,923	\$22,815,961	\$20,442,051	\$16,862,101

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2017 through 2020.

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

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

(3) The reduction in taxes receivable from Fiscal Year 2020 to Fiscal Year 2021 is the result of the City's health property tax levy and parks property tax levy being treated as separate funds and no longer a part of the General Fund (effective July 1, 2020). The receivable amounts at June 30, 2021 that are now allocated to such separate funds are \$909,176.46 for the health levy and \$1,931,999.98 for the parks levy.

2021-2022 Operating Budget

The City's budget for the 2021-2022 Fiscal Year (the "2021-2022 Operating Budget") presents a balanced budget for the General Fund, with General Fund revenues of \$78,362,743 and an equal amount of expenses, resulting in no anticipated change to the ending unrestricted General Fund balance from estimated balance at the end of Fiscal Year 2021. The General Fund expenses represent an increase of 5.3% over the prior year operating budget (the "2020-2021 Operating Budget"), a difference attributed primarily by the City Manager's transmittal letter that accompanied the 2021-2022 Operating Budget (the "City Manager's Budget Letter") to increases in salary and benefit costs of City employees. The City Manager's Budget Letter explains that the increased General Fund expenditures will be covered by amounts made available to the City under the American Rescue Plan. The City Manager's Budget Letter cautions City Council that American Rescue Plan funds will not be available in future years.

As a part of the City Manager's Budget Letter, the City Manager included, for the first time, a projection of the City's ending unrestricted General Fund balances for Fiscal Year 2021 through Fiscal Year 2026. This projection was included as a long-term planning tool and not for the purpose of adoption as part of the 2021-2022 Operating Budget. The projection shows an unrestricted General Fund balance that starts at \$5,812,237 for Fiscal Year 2021, remains at that level for Fiscal Year 2022, and then declines over the next four fiscal years, going negative in Fiscal Year 2024 and ultimately reaching a negative \$19,984,512 balance at the end of Fiscal Year 2026. The City Manager's Budget Letter describes measures that will need to be considered during Fiscal Year 2022 to align revenues with expenditures before the start of Fiscal Year 2023, including restructuring of employee health benefits, vested leave payouts and other employee benefit programs; implementation of workforce reductions; evaluation of demand for City services in order to match deployment to demand, attraction of additional industry and evaluating ballot initiatives to increase revenue sources.

The City's charter provides that the total of proposed expenditures in any adopted budget for a particular fund may not exceed the total anticipated resources for the fund. This means that expenditures cannot exceed current revenues, fund balances on hand from prior years, legally allowable transfers from other funds, and loan proceeds. As such, the City Council would not be able to approve budgets in future years in line with the projections for unrestricted General Fund balances shown in the City Manager's Budget Letter, but, as the City Manager's Budget Letter suggests, the City will need to explore options to increase revenues and/or reduce expenses in future fiscal years.

The City has been successful in strategically reducing General Fund expenses when faced with insufficient revenues. In the 2020-2021 Operating Budget, when the City anticipated significant sales tax revenue reductions for the end of Fiscal Year 2020 and for Fiscal Year 2021, the City was able to identify \$4,295,254 in expenditure reductions consisting of elimination of vacant and filled employee positions, hiring and wage freezes, program budget reductions, cost allocation changes and transit service reductions. Due to such expenditure reductions and other factors, Fiscal Year 2021 ended with a surplus of revenues over expenditures for the General Fund of \$199,132 (un-audited, provided by City Staff), although this was partially the result of \$1,192,500 in capital lease proceeds being recognized as revenues for the General Fund.

In the City Manager's presentation to City Council of the 2021-2022 Operating Budget on May 10, 2021, he stated that the budget employed a conservative approach in which all City positions are fully funded. The 2021-2022 Operating Budget assumes employment with full benefits for all currently unfilled positions with average employment duration of 75% of Fiscal Year 2022. The City currently has approximately 60 General Fund supported employment positions which are not filled. City staff evaluates filling employment positions on an individual basis, with consideration given to whether revenues are sufficient to support the

position at the time of hiring. The approval of the 2021-2022 Operating Budget by the City Council does not mean that the vacant positions will automatically be filled, but rather the City has the ability to continue to manage the number of filled employment positions as a means to control expenditures. During Fiscal Year 2021, as a result of implementing the hiring freezes discussed above with respect to the 2020-2021 Operating Budget, the City maintained an average of approximately 59 open positions that would otherwise have been funded by the General Fund.

The City has engaged CBIZ, Inc. consultants to make cost-saving recommendations relating to employee benefit packages including health benefits, vested leave payouts and other employee benefit programs. The City Manager's office has begun working with the Stay Well Committee for employee health (an advisory committee representing union employees of the City) with the intent of redesigning such benefits in accordance with recommendations provided by CBIZ, Inc. The City Manager's goal is to have a plan in place in calendar year 2021 that will implement design changes over the next two years.

For additional discussion of the City's General Fund see **"APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020; THE CITY'S UNAUDITED MONTHLY FINANCIAL AND OPERATING REPORT FOR JUNE 2021; THE CITY'S 2021-2022 OPERATING BUDGET."**

Impact of Shortfalls on the General Fund

The City is obligated to pay debt service with respect to numerous borrowings and other obligations on an annual appropriation basis. See **"FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City – Revenue Obligations," "– Obligations of the City – Capital Leases," "– Santa Fe Redevelopment Project," "– The Falls at Crackerneck Creek Redevelopment Project,"** and **"– The City's Tax Increment Financing Supplemental Appropriation Policy"** in Appendix A hereto for a discussion of other annual appropriation obligations of the City. Although repayment of certain borrowings is limited to appropriations from revenues of the City's electric, sewer or water utilities, most of the City's obligations are ultimately backed by a pledge to annually appropriate from any available source, including the General Fund. Shortfalls in project revenues, utility generated revenues or other revenues anticipated to make payments with respect to certain series of outstanding bonds may negatively affect the City Council's decision to make appropriations with respect to the Events Center Bonds, including the Series 2021 Bonds, to the extent that CID Sales Tax Revenues and TIF Revenues are insufficient to pay debt service on all Events Center Bonds.

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 General Fund and other available revenues to Loan Payments in an amount sufficient to pay the debt service on the Series 2021 Bonds.

THE SERIES 2021 BONDS

General Terms

The Series 2021 Bonds are being issued in the principal amount shown on the cover page, are dated the date of issuance and delivery thereof, will bear interest from the date thereof or from the most recent interest payment date to which interest has been paid at the rates per annum set forth on the inside cover page, payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2022, and will mature on April 1 in the years as set forth on the inside cover page. The Series 2021 Bonds are issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The principal of the Series 2021 Bonds is payable at the principal corporate trust office of the Trustee. The interest on the Series 2021 Bonds is payable (a) by check or draft mailed by the Trustee to the persons who are the registered owners of the Series 2021 Bonds as of the close of business on the 15th day of the month preceding the respective interest payment dates, as shown

on the bond registration books maintained by the Trustee, or (b) at the expense of the registered owner, by electronic transfer of immediately available funds at the written request of any registered owner of \$500,000 or more in aggregate principal amount of Series 2021 Bonds, if such written notice specifying the electronic transfer instructions is provided to the Trustee not less than 5 days prior to the Interest Payment Date. Purchases of the Series 2021 Bonds will be made in book-entry only form (as described immediately below), in the denomination of \$5,000 or any integral multiple thereof. Purchasers of the Series 2021 Bonds will not receive certificates representing their interests in the Series 2021 Bonds purchased. If the specified date for any payment on the Series 2021 Bonds is a date other than a Business Day, such payment may be made on the next Business Day without additional interest and with the same force and effect as if made on the specified date for such payments.

Book-Entry Only System

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 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 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

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

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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 Bond documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Payments of Principal and Interest. Redemption proceeds, distributions, and dividend payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book Entry 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 Bond 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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board, the City, the CID and the Underwriter believe to be reliable, but the Board, the City, the CID and the Underwriter take no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participant, as the case may be.

Redemption*

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

Optional Redemption. The Series 2021 Bonds are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after April 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 2021 Bonds maturing on April 1, 20__ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 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:

<u>Due</u>	<u>Principal Amount</u>
------------	-----------------------------

*Final Maturity

The Series 2021 Bonds maturing on April 1, 20__ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each April 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:

<u>Due</u>	<u>Principal Amount</u>
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*Final Maturity

* Preliminary, subject to change.

The Trustee shall, in each year in which the Series 2021 Bonds are to be redeemed pursuant to the terms of the mandatory sinking fund requirements of the Indenture summarized above make timely selection of such bonds or portions thereof to be so redeemed in \$5,000 units of principal amount by lot or in such other equitable manner as the Trustee may determine and shall give notice thereof without further instructions from the Board or the City. At the option of the City, to be exercised on or before the 45th day next preceding each mandatory redemption date, the City shall: (1) deliver to the Trustee for cancellation Bonds of the same maturity in the aggregate principal amount desired; or (2) furnish to the Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Bonds of the same maturity from any owner thereof in the open market at a price not in excess of 100% of the principal amount thereof, whereupon the Trustee shall use its best efforts to expend such funds for such purposes to such extent as may be practical; or (3) elect to receive a credit in respect to the mandatory redemption obligation under this subsection for any Bonds of the same maturity which prior to such date have been redeemed (other than through the operation of the requirements of this subsection) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under this subsection. Each Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Board to redeem Bonds of the same maturity on the next mandatory redemption date that is at least 45 days after receipt by the Trustee of such instructions from the City any excess of such amount shall be credited on future mandatory redemption obligations for Bonds of the same maturity in chronological order or such other order as the City may designate, and the principal amount of Series 2021 Bonds of the same maturity to be redeemed on such future mandatory redemption dates by operation of the requirements of this paragraph shall be reduced accordingly. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) of this paragraph, the City will, on or before the 45th day next preceding the applicable mandatory redemption date, furnish the Trustee an Officer's Certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, and the Series 2021 Bonds of the same maturity, in the case of its election pursuant to clause (1), in respect to such mandatory redemption payment.

Election to Redeem; Notice to Trustee. The Board shall elect to redeem Bonds subject to optional redemption upon receipt of a written direction of the City. In case of any redemption at the election of the Board, the Board shall, at least 45 days prior to the redemption date fixed by the Board (unless a shorter notice shall be satisfactory to the Trustee) give written notice to the Trustee directing the Trustee to call Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount and maturities of Series 2021 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Indenture pursuant to which such bonds are to be called for redemption.

The foregoing paragraph shall not apply in the case of any mandatory redemption of Series 2021 Bonds and the Trustee shall call Bonds for redemption and shall give notice of redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Board or the City whether or not the Trustee shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

Notice of Redemption. Unless waived by any owner of Series 2021 Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the Board by mailing a copy of an official redemption notice by first class mail, at least 30 days and not more than 60 days prior to the redemption date to each registered owner of the Series 2021 Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such registered owner to the Trustee.

All official notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) the principal amount of Series 2021 Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where the Series 2021 Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee or other Paying Agent.

The failure of any owner of Series 2021 Bonds to receive notice given as provided herein, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

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 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 bond.

Selection by Trustee of Bonds to be Redeemed. Bonds may be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. If less than all Bonds are to be redeemed and paid prior to maturity pursuant to the Indenture, the particular Bonds to be redeemed shall be selected by the Trustee from the Series 2021 Bonds of such maturity which have not previously been called for redemption, by lot or in such other equitable manner as the Trustee may determine and which may provide for the selection for redemption of portions equal to \$5,000 of the principal of Series 2021 Bonds of a denomination larger than \$5,000.

The Trustee shall promptly notify the Board and the City in writing of the Series 2021 Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Deposit of Redemption Price. Prior to any redemption date, the Board shall deposit with the Trustee or with a Paying Agent, from moneys provided by the City, an amount of money sufficient to pay the redemption price of all the Series 2021 Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Series 2021 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Board shall default in the payment of the redemption price) such bonds shall cease to bear interest. Upon surrender of any such bond for redemption in accordance with said notice, such bond shall be paid by the Board at the redemption price. Installments of interest with a due date on or prior to the redemption date shall be payable to the owners of the Series 2021 Bonds registered as such on the relevant Record Dates according to the terms of such bonds.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Series 2021 Bond.

Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor (with, if the Board or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Board and the Trustee duly executed by, the owner thereof or his attorney or legal representative duly authorized in writing) and the Board shall execute and the Trustee shall authenticate and deliver to the owner of such bond, without service charge, a new Bond or Bonds of the same series and maturity of any authorized denomination or denominations as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2021 Bond so surrendered. If the owner of any such bond shall fail to present such bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 (or other denomination) unit or units of principal amount called for redemption (and to that extent only).

Subject to the approval of the Trustee, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such owner and, if such owner is a nominee, the Person for whom such owner is a nominee, that payment shall be so made and that such owner will not sell, transfer or otherwise dispose of such bond unless prior to delivery thereof such owner shall present such bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

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

Transfer Outside Book-Entry Only System

If the book-entry only system is discontinued, the following provisions would apply. The Series 2021 Bonds are transferable only upon the registration books of the Trustee upon surrender of the Series 2021 Bonds duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney or legal representative in a form satisfactory to the Trustee. Bonds may be exchanged for other 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 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 Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS

General

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

Special, Limited Obligations

The Series 2021 Bonds and the interest thereon are special, limited obligations of the Board, payable solely from certain payments to be made by the City under the Financing Agreement and certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Board, and are secured under the Indenture and the Financing Agreement as described herein. All Loan Payments and Additional Payments by the City under the Financing Agreement are subject to annual appropriation by the City except CID Sales Tax Revenues which have been received from the CID.

As more fully described herein, the City's obligation to make Loan Payments under the Financing Agreement will be secured by CID Sales Tax Revenues and TIF Revenues. The CID Sales Tax Revenues are subject to annual appropriation by the CID. The TIF Revenues are subject to annual appropriation by the City and are only available on a subordinate basis. Revenues from the operation of the Events Center will not be available to the City for the payment of the Series 2021 Bonds.

The Series 2021 Bonds are not an indebtedness of the Board, the City, the CID, the State or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State. Neither the full faith and credit nor the taxing powers of the City, the CID, 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 CID, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power.

Prospective investors should not rely upon the City's collection of TIF Revenues as a significant source of repayment of the Series 2021 Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Revenues to repay the Series 2021 Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

The Financing Agreement

Under the Financing Agreement the City is required to make Loan Payments to the Trustee for deposit into the Debt Service Fund in amounts sufficient to pay the principal of and interest on the Series 2021 Bonds when due. The City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, subject to annual appropriation by the City as described herein, General Fund and other available revenues of the City. The taxing power of the City is not pledged to the payment of Loan Payments either as to principal or interest.

City Annual Appropriation Obligation

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. 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.

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 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. 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 and Administration 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.

CID Sales Tax Revenues

In the Cooperative Agreement, the CID has covenanted, subject to annual appropriation by the Board of Directors of the CID, to remit moneys it receives from the CID Sales Tax to the City. The City has covenanted under the Financing Agreement to use CID Sales Tax Revenues for payment of the Events Center Bonds and anticipates that a similar covenant would be contained in any supplemental financing agreement entered into in connection with any Additional Bonds issued on a parity with the Series 2021 Bonds. CID Sales Tax Revenues consist of revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of \$1,200 to reimburse the City for administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue. In addition to the 2% administration and accounting expenses, the City estimates that CID operating costs (e.g. such things

as insurance, legal, auditing and banking costs) will be approximately \$25,000 per year. The CID also budgets for contractual and capital improvement expenses for the benefit of the Events Center. Such expenses are generally budgeted from the existing unallocated fund balance of the CID and historically have ranged in amounts up to \$3.4 million. The City anticipates that such amounts could increase in the future as the facility ages and additional capital and maintenance costs are necessarily incurred to keep the facility operating at its current level.

Pursuant to the Authorizing Ordinance, the City will use the CID Sales Tax Revenues to make principal and interest payments on the Series 2021 Bonds. The City may use CID Sales Tax Revenues which are in excess of the amounts necessary for the payment of debt service on Events Center Bonds for the purpose of paying costs of public improvements and services in the CID. See **“SUMMARY OF THE AUTHORIZING ORDINANCE”** and **“SUMMARY OF THE COOPERATIVE AGREEMENT – Distribution of the District Sales Tax Revenue”** in **Appendix C** hereto. The CID Sales Tax Revenues are subject to annual appropriation by the Board of Directors of the CID.

Subordinate Lien on Certain TIF Revenues

The City’s obligation to make Loan Payments with respect to the Series 2021 Bonds will be secured by a subordinate lien on certain TIF Revenues, which are subject to annual appropriation by the City. The TIF Revenues are economic activity taxes equal to 50% of the CID Sales Tax collected within three existing tax increment financing (“TIF”) redevelopment areas in the City, which are commonly known as the Eastland, Centerpoint and Trinity Redevelopment Areas, and not from any other revenues generated as a result of tax increment financing in those redevelopment areas. The City has completed amendments to the Eastland, Centerpoint and Trinity tax increment financing plans to add the Events Center project as an eligible project cost, but to limit the funding of such costs to an amount equal to 50% of the CID Sales Tax captured as economic activity taxes or “EATS” under TIF, and then only on a subordinate basis as described herein during the time that other project costs and bonds issued to fund those costs remain unpaid. The City has previously pledged the TIF Revenues generated by the Eastland and Centerpoint redevelopment areas to repayment of bonds issued by the Board, and may in the future request the Board to issue additional bonds payable on a parity with already outstanding Bonds. With respect to the Trinity redevelopment area, the City has previously committed TIF Revenues to payment of various project costs of the City, the developer for the Trinity project and to other taxing districts. The redevelopment agreements related to the Eastland and Centerpoint projects also contain commitments for the payment of project costs related to these projects.

The TIF Revenues may be required to be used to pay bonds which have already been issued or may be issued in the future, or may be needed to reimburse the applicable developers, various taxing districts or the City for redevelopment costs not associated with the Events Center. There is no limit on the amount of additional bonds the City may issue from such TIF Revenues. For these reasons, **prospective investors should not rely upon the City’s collection of TIF Revenues as a significant source of repayment of the Series 2021 Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Revenues to repay the Series 2021 Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.**

No Debt Service Reserve Fund

No debt service reserve fund will be established to secure the Series 2021 Bonds. Amounts held in debt service reserve funds established for other Events Center Bonds will not secure the Series 2021 Bonds.

The Indenture

Under the Indenture, the Board will pledge and assign to the Trustee, for the benefit of the owners of the Series 2021 Bonds, all of its rights under the Financing Agreement, including all Loan Payments, Additional Payments and other amounts payable under the Financing Agreement (except for certain fees,

expenses and advances and any indemnity payments payable to the Board) as security for the payment of the principal of and interest on the Series 2021 Bonds. See “**SUMMARY OF THE INDENTURE**” in **Appendix C** hereto.

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 on a parity with the Events Center Bonds for the purposes and upon the terms and conditions provided in the related 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 related Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the related Financing Agreement; and (3) the Board and the City shall have otherwise complied with the provisions of the related Financing Agreement and the related Indenture with respect to the issuance of such Additional Bonds.

Any Additional Bonds would be secured on a parity with the Events Center Bonds (except that any debt service reserve fund established for a series of bonds secures only that series of bonds and no debt service reserve fund will be established for the Series 2021 Bonds), and therefore would share an equal claim on the CID Sales Tax Revenues and TIF Revenues. The Series 2021 Bonds are anticipated to constitute the first part of refunding and improvement transactions planned for the benefit of the Events Center. In early 2022, the City and the CID intend to issue refunding bonds to redeem the Series 2012C Bonds (currently outstanding in the principal amount of \$64,230,000) and issue a new money portion estimated to be sized in a manner as to not increase the total debt service as compared to the outstanding Events Center Bonds prior to the refunding of the Refunded Bonds and the Series 2012C Bonds. Additionally, the City will continue to monitor refunding opportunities for Events Center Bonds. Nothing in the Indenture or Financing Agreement requires the City to have a positive coverage of debt service. The City may in the future issue refunding or new money bonds in a manner that increases the total debt service on Events Center Bonds.

The sole economic test for the issuance of Additional Bonds on a parity with the Events Center Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Bonds. This means that the City may issue or cause to be issued Additional Bonds on a parity with the Events Center Bonds even if the CID Sales Tax Revenues and TIF Revenues are not sufficient to provide for the Loan Payments on such bonds, without regard to the proposed Additional Bonds. **For this reason prospective investors should not rely upon the CID Sales Tax Revenues and TIF Revenues as the sole source of repayment of the Series 2021 Bonds, but should instead evaluate the likelihood that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.**

BONDOWNERS’ RISKS

*The following is a discussion of certain risks that could affect payments to be made by the City with respect to the Series 2021 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2021 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in **Appendix C**, copies of which are available as described herein.*

General

The Series 2021 Bonds are limited obligations of the Board payable by the Board solely from payments to be made by the City pursuant to the Financing Agreement and from certain other funds held by the Trustee under the Indenture. No representation or assurance can be given that the City will realize revenues in amounts sufficient to make such payments under the Financing Agreement.

PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE CID SALES TAX REVENUES AND TIF REVENUES AS THE SOLE SOURCE OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL CONTINUE TO APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT.

Risk Factors Relating to the City's Obligations to Make Loan Payments

General. All payments by the City under the Financing Agreement are subject to annual appropriation except that CID Sales Tax Revenues which have been appropriated by the CID are not subject to annual appropriation by the City.

Risk of Non-Appropriation. The City's obligation to make Loan Payments under the Financing Agreement is subject to annual appropriation. Although the City has covenanted to request annually that the appropriation of the Loan Payments be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made, and the City is not legally obligated to do so.

In addition, while the City has covenanted to use the CID Sales Tax Revenues to make payments of principal and interest on the Series 2021 Bonds, the availability of such revenues is subject to annual appropriation by the Board of Directors of the CID.

General Fund Capacity. The City may need to utilize balances in the City's General Fund in addition to the CID Sales Tax Revenues and the TIF Revenues to make payments on the Events Center Bonds in future fiscal years. See **"THE CITY'S GENERAL FUND – Summary of General Fund Revenues, Expenditures and Changes in Fund Balances,"** **"– General Fund Balance Sheet Summary,"** and **"– 2021-2022 Operating Budget"** for a discussion of General Fund revenues, expenses and ending fund balances for Fiscal Year 2020 (audited) and Fiscal Year 2021 (un-audited) and budgeted amounts for Fiscal Year 2022 based on the City's 2021-2022 Operating Budget. Also see **"Appendix B - COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020; THE CITY'S UNAUDITED MONTHLY FINANCIAL AND OPERATING REPORT FOR JUNE 2021; THE CITY'S 2021-2022 OPERATING BUDGET."**

General Fund Expenses. For the fiscal year ending June 30, 2022, approximately 85% of the City's General Fund expenditures are expected to be spent for City personnel costs – salaries, wages and benefits. As noted above under the heading **"THE CITY'S GENERAL FUND – Impact of Shortfalls on the General Fund,"** the City is obligated to pay debt service with respect to numerous borrowings and other obligations on an annual appropriation basis. Appropriations from the General Fund to pay debt service on annual appropriation obligations in some years may require the consideration and implementation of expenditure reductions, including reductions to salaries, wages and benefits. Such reductions could be very difficult to implement and may impact the City's decision of whether to continue to support the payment of debt service on certain or all of its outstanding annual appropriation obligations by appropriating revenues from its General Fund and other legally available funds. The Events Center Bonds, including the Series 2021 Bonds, have no greater equal claim to General Fund revenues than any of the City's other annual appropriation obligations.

A significant portion of the City's General Fund expenditures for salaries, wages and benefits are related to contributions to a defined benefit pension plan known as LAGERS (\$13,630,050 in the fiscal year

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

The City’s annual appropriation obligations include bonds issued to fund costs related to the Crackerneck Creek redevelopment project and the Santa Fe redevelopment project. See **“FINANCIAL INFORMATION CONCERNING THE CITY – The Falls at Crackerneck Creek Redevelopment Project”** and **“– Santa Fe Redevelopment Project”** in **Appendix A**. To date, the City has expended \$13,951,364 from its General Fund, \$1,682,643 from utility funds and \$2,258,751 from sales tax funds, to support payments on the Crackerneck Creek bonds. Due to restructurings of the Crackerneck Creek 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, however, project revenues will not be sufficient to pay such bonds on a long-term basis. The project revenues from the Santa Fe redevelopment project are also insufficient to pay debt service on the bonds related to that project. See **“FINANCIAL INFORMATION CONCERNING THE CITY – Santa Fe Redevelopment Project”** in **Appendix A** for further description of the Santa Fe shortfall. The City has adopted the TIF Supplemental Appropriation Policy (discussed in **Appendix A** under the heading **“FINANCIAL INFORMATION CONCERNING THE CITY – The City’s Tax Increment Financing Supplemental Appropriation Policy”**) to identify and set aside certain revenues that become available to the City for debt service on certain of the City’s annual appropriation obligations.

No Pledge, Lease or Mortgage of the Events Center or any other Facilities of the City. 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 the Events Center, or any other facilities or property of the City or any developer. Except as provided herein, the Series 2021 Bonds are payable solely from annual appropriation by the City and other money held by the Trustee.

No Availability of Revenues from Events Center. Revenues from the operation of the Events Center will not be available to the City for the payment of the Series 2021 Bonds.

No Credit Enhancement

No [****bond insurance policy,****] letter of credit, reserve fund or other credit enhancement will be issued to insure payment of the principal of or interest on the Series 2001 Bonds. Accordingly, any potential purchaser of the Series 2001 Bonds should consider the sufficiency of the CID Sales Tax Revenues to repay the Series 2021 Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, whether the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.

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 and public health orders requiring social distancing, closing or limitations on operation of certain retail establishments and reopening plans at the state and local 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 health authority in response to the COVID-19 pandemic. By order of the Mayor and the Acting Health Director of the City on December 9, 2020, the City issued its own “Safer Independence Guidelines” which became effective on December 11, 2020, 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.

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 Events Center. The City Council continues to review the City’s advisory statements and restrictions every 30 days.

The City’s 2020-2021 Operating Budget anticipated significant negative effects of COVID-19 for the City’s General Fund, projecting a revenue decline of 21% for sales taxes received by the City in Fiscal Year 2021, and a \$3,049,208 General Fund revenue loss compared to the budget for Fiscal Year 2020. However, the effects of COVID-19 on the General Fund were not as significant as projected, and Fiscal Year 2021 ended with a surplus of revenues over expenditures for the General Fund of \$199,132 (un-audited, provided by City Staff), primarily as a result of certain expenditure reductions and higher than expected sales and use tax revenues, and partially as a result of \$1,192,500 in capital lease proceeds being recognized as revenues for the General Fund. See **“THE CITY’S GENERAL FUND – Summary of General Fund Revenues, Expenditures and Changes in Fund Balances,” “– General Fund Balance Sheet Summary,”** and **“2021-2022 Operating Budget.”**

The overall collections of CID Sales Tax Revenues have not been reduced by COVID-19. See **“THE CID – Projected Debt Service Coverage of the CID Sales Tax Revenues”** for historical collections of CID Sales Tax Revenues over the last five Fiscal Years. This is likely the result of there being only a short period of store closures within the CID as part of the City’s COVID-19 response and the presence of essential retailers within the CID, such as Wal-Mart, Target and Costco.

The COVID 19 pandemic did lead to a significant decrease in events and operating revenue at the Events Center in fiscal year 2020, which was partially offset by reduced operating costs because events were not being held at the facility. This carried over to the beginning of fiscal year 2021, although as the year went on more events were scheduled, a trend which has continued into fiscal year 2022. However, the Events Center still is not operating at its pre-pandemic levels. Revenues from the operation of the Events Center will not be available to the City for the payment of the Series 2021 Bonds. Expenses for the operation of the Events Center are paid with revenues generated from the Events Center. If there are operational shortfalls, the City currently intends to pay the shortfalls but has no legal obligation to do so. The anticipated source for funding any shortfalls that may occur is the City’s General Fund.

Jackson County, in which the City is located, received \$122,669,998 in funding under the federal Coronavirus Aid, Relief, and Economic Security Act or “CARES Act,” which money, by law, is to be spent on necessary expenditures incurred due to the COVID-19 public health emergency. Jackson County established a

volunteer advisory group to make recommendations to the County Executive as to expenditures of the money in accordance with CARES Act requirements. The City received \$6,953,474 in distributions of such funds from Jackson County, which helped to offset an anticipated \$10,399,556 in CARES grant reimbursable expenditures incurred between March 2020 and December 2020 for COVID-19 response-related expenses. The revenues were coded as revenues to the City for Fiscal Year 2021. The City anticipates receiving additional public assistance for COVID-19 expenditures for the same period through grants from the Federal Emergency Management Agency.

The American Rescue Plan Act of 2021 (the “American Rescue Plan”) became law in March of 2021. Among other things, the American Rescue Plan provides funding for local governments to respond to the public health emergency associated with COVID-19, to provide premium pay to essential workers, to provide government services affected by a revenue reduction during the COVID-19 pandemic and to make investments in water, sewer, and broadband infrastructure. Funds can be used to cover costs incurred through the end of 2024. The City anticipates receipt of \$20,295,216 under the American Rescue Plan.

The City Manager’s Budget Letter cautions that the balanced budget presented for Fiscal Year 2022 is bolstered by amounts made available to the City under the American Rescue Plan, which funds will not be available in future years. See **“THE CITY’S GENERAL FUND – 2021-2022 Operating Budget.”**

The continued proliferation of COVID-19 throughout the City and the State may result in adverse effects on the City and the CID due to the economic ramifications of mandatory business and other closures. The City could face significant costs associated with containing and responding to the virus, as other municipal entities across the United States have already experienced, and the City cannot be certain whether any short term borrowing or State or Federal aid would be sufficient to address such costs. In addition, a longer term economic downturn could cause reductions in tax revenues and assessed valuations in the City and the CID. Developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the City and the CID in the future is highly uncertain and cannot be predicted.

Risk Factors Relating to the Collection of CID Sales Tax and TIF Revenues

As noted herein, the payment by the City of Loan Payments under the Financing Agreement is secured by a pledge of CID Sales Tax Revenues and a subordinate pledge of certain TIF Revenues.

Prospective investors should evaluate factors which could cause the CID Sales Tax Revenues and TIF Revenues to be reduced in order to determine the capacity of the City’s General Fund to provide for the Loan Payments with respect to the Series 2021 Bonds in the event such the CID Sales Tax Revenues and TIF Revenues are not sufficient to make such payments.

The CID Sales Tax is currently being imposed at its maximum rate. See **“THE CID – CID Sales Tax”** herein.

There are a variety of reasons the collection of the CID Sales Tax Revenues and TIF Revenues may not continue at current amounts, including but not limited to the following:

Changes in Retail Sales Market Conditions. The CID Sales Tax Revenues and TIF Revenues are generated by retail sales within the CID. The volume of sales tax revenues is contingent upon and may be adversely affected by a variety of factors, including without limitation economic conditions within the City or a particular development or the surrounding trade area and competition from other retail businesses, rental rates and occupancy rates in private developments, suitability of the developments for the local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism and rising operating costs, interruption or termination of operations as a result of fire, natural disaster, strikes or similar events, among many other factors. As a result of all of the above factors, it is difficult to predict with certainty the expected amount of CID Sales Tax Revenues and TIF Revenues which will be available for payment of the principal of and interest on the Events Center Bonds. The retail sales industry is highly

competitive. Existing retail businesses outside of the City and/or the CID and the future development of such outside retail businesses, which are competitive with retail businesses in the City and/or the CID may exist or may be developed after the date of this Official Statement.

At this time, it is not possible to predict whether or to what extent further changes in economic conditions, demographic characteristics, population or commercial activity will occur, and what impact any such changes would have on CID Sales Tax Revenues, TIF Revenues and General Fund revenues.

Competition from Development Outside the CID. Retail businesses outside of the CID which are currently existing or which are developed after the date of this Official Statement will be competitive with retail businesses in the CID and could have an adverse impact on the available amount of TIF Revenues and CID Sales Tax Revenues generated for repayment of the Events Center Bonds. A primary example of this is the Crackneck Creek project, which is adjacent to but not within the CID.

Risk of Damage or Destruction. The partial or complete destruction of improvements within the CID, as a result of fire, natural disaster or similar casualty event, would adversely impact the collection of the CID Sales Tax and TIF Revenues.

Changes in State and Local Tax Laws. Any change in the current system of collection and distribution of sales taxes could adversely affect the availability of CID Sales Tax Revenues and/or TIF Revenues to contribute to the payment of the principal of and interest on the Events Center Bonds. There can be no assurances, however, that the current system of collection and distribution of sales taxes will not be changed by the State, the courts or the voters.

Risk of Non-Appropriation of CID Sales Tax

The application of CID Sales Tax Revenues and the receipt of such revenues by the City is subject to annual appropriation by the CID. Although the CID has covenanted to request annually that the appropriation of the proceeds of the CID Sales Tax be included in the budget submitted to the Board of Directors for each fiscal year, there can be no assurance that such appropriation will be made by the Board of Directors, and the Board of Directors is not legally obligated to do so.

Audit of CID by Missouri State Auditor

The CID 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 CID:

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

The CID maintains that the fee arrangement with the City is reasonable based on the scope and complexity of district administration. The finding regarding approval of construction expenditures related to the initial construction of the Events Center and could not be addressed after the time of the audit, but the CID agreed to follow the report's recommendation that the CID Board of Directors be provided documentation regarding project expenditures on future projects for review and approval. The CID has addressed the timing of its budget submittals to the City.

Risk of Non-Appropriation of TIF Revenues

The application of TIF Revenues in the various special allocation funds for the Eastland Center, Centerpoint and Trinity redevelopment projects is subject to annual appropriation by the City. Although the City has covenanted to request annually that the appropriation of the TIF Revenues in the various special allocation funds be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made by the City Council, and the City Council is not legally obligated to do so.

Prior Pledge of TIF Revenues

The TIF Revenues may be required to be used to pay bonds which have already been issued or may be issued in the future, or may be needed to reimburse the applicable developers, various taxing district or the City for redevelopment costs not associated with the Events Center. There is no limit on the amount of additional bonds the City may issue from such TIF Revenues. For these reasons, **prospective investors should not rely upon the City's collection of TIF Revenues as a significant source of repayment of the Series 2021 Bonds, but should instead evaluate the likelihood that sufficient revenues will be available from the CID Sales Tax Revenues to repay the Series 2021 Bonds and, if the CID Sales Tax Revenues are insufficient for that purpose, that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement.**

Possible Additional Bonds

The sole economic test for the issuance of Additional Bonds on a parity with the Events Center Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Bonds. This means that the City may issue or cause to be issued Additional Bonds on a parity with such bonds even if the CID Sales Tax Revenues and TIF Revenues are not sufficient to provide for the Loan Payments relating to such bonds, without regard to the proposed Additional Bonds. See **"INTRODUCTORY STATEMENT – Additional Bonds"** for a discussion of potential issuances of Additional Bonds by the City.

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 CID, the CID Sales Tax Revenues, the TIF Revenues, the Events Center Bonds, or any expenditures, contracts or decision making related thereto, and (2) the City does not believe the ultimate resolution of the investigations will have a material adverse effect on the CID Sales Tax Revenues, the TIF Revenues or the City's overall financial condition.

Titan Fish Lawsuit

In July of 2020, Titan Fish Partners, LLC and a named individual filed a petition against the City and two City Council members (the "Titan Fish Lawsuit"). Titan Fish Partners, LLC is the seller of land to the City in the Solar Farm Transaction discussed above under **"BONDOWNERS' RISKS – Federal Investigation of Certain Transactions."** The petition claims that certain statements made by such City Council members to and reported in the *Kansas City Star* charged Titan Fish Partners, LLC with being under investigation by the FBI, and that such statements caused damage to the plaintiffs based on defamation, intentional infliction of emotional distress, and tortious interference with a business expectancy. The 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 CID Sales Tax Revenues, the TIF Revenues or the City's overall financial condition.

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 CID Sales Tax Revenues, the TIF Revenues or the City’s overall financial condition.

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.

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 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.**”

Determination of Taxability

The interest rates on the Series 2021 Bonds are not 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 bond is or was includible in the gross income of the owner of a bond for federal income tax purposes. Such determination may, however, result in a breach of the Board's tax covenants set forth in the Indenture which may constitute an event of default under such Indenture. It may be that Bondowners would continue to hold their bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.

Risk of Audit

The Internal Revenue Service (the "Service") has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2021 Bonds. Owners of the Series 2021 Bonds are advised that, if an audit of the Series 2021 Bonds were commenced, in accordance with its current published procedures, the Service is likely to treat the Board as the taxpayer, and the owners of the Series 2021 Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2021 Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Enforcement of Remedies

The enforcement of the remedies contained in 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 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.

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.

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.

The CID

There is not now pending or, to the knowledge of the CID, threatened any litigation against the CID seeking to prohibit, restrain, or enjoin the collection of the CID Sales Tax, which in any manner questions the right of the CID to enter into the Cooperative Agreement or to apply proceeds of the CID Sales Tax in the manner described in the Cooperative Agreement, or affecting or seeking to prohibit, restrain or enjoin the annual appropriation by the CID of proceeds of the CID Sales Tax for application in accordance with the Cooperative Agreement.

LEGAL MATTERS

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

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

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2021 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2021 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2021 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2021 Bonds.

Opinion of Bond Counsel

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

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

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

No Bank Qualification. The Series 2021 Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

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

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Series 2021 Bond over its issue price. The issue price of a Series 2021 Bond is the first price at which a substantial amount of the Series 2021 Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2021 Bond during any accrual period generally equals (1) the issue price of that Series 2021 Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2021 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2021 Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2021 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

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

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2021 Bond, an owner of the Series 2021 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2021 Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Series 2021 Bond. To the extent a Series 2021 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2021 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2021 Bonds, and to the proceeds paid on the sale of the Series 2021 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2021 Bonds should be aware that ownership of the Series 2021 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2021 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2021 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2021 Bonds, including the possible application of state, local, foreign and other tax laws.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the Series 2021 Bonds the rating shown on the cover page of this Official Statement. Such rating reflects only the view of 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, the CID, the Municipal Advisor 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.

FINANCIAL STATEMENTS

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

CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Undertaking with respect to ongoing disclosure which will constitute the written understanding for the benefit of the holders of the Series 2021 Bonds required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. A form of the Continuing Disclosure Undertaking is included in **Appendix 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 "**FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City – General Obligation Debt**" and "**– Revenue Obligations.**" The City believes it has complied in all material respects during the past five years with its prior undertakings, except as follows:

- For fiscal years ended June 30, 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 on behalf of the City by the Board (certain of which are still outstanding and 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 on behalf of the City by the Board (certain of which are still outstanding and 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 on behalf of the City by the Board (certain of which are still outstanding and 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 (certain of which are still outstanding and are 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 Robert W. Baird & Co. Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Series 2021 Bonds pursuant to a bond purchase agreement entered into by and among the Board, the City and the Underwriter. The bond purchase agreement provides that the Underwriter will purchase the Series 2021 Bonds at a purchase price of \$_____ (which represents the principal amount of the Series 2021 Bonds less an underwriter’s discount of \$_____ and less/plus original issue discount/premium of \$_____). In addition, the bond

purchase agreement provides, among other things, that the Underwriter will purchase all of the Series 2021 Bonds, if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2021 Bonds to the public. The obligations of the Underwriter to accept delivery of the Series 2021 Bonds are subject to various conditions contained in the bond purchase agreement.

MUNICIPAL ADVISOR

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

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.

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

APPENDIX A

INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI

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THE CITY

General Information

Incorporated in 1849, the City is the county seat of Jackson County and adjoins Kansas City, Missouri to the west. The City is the fourth largest City in Missouri.

The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the voters in October 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms.

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

<u>Council Members</u>	<u>Occupation</u>	<u>District</u>	<u>Expiration of Term</u>
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.

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.

	<u>2020 Valuation</u>
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	<u>962</u>
	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.

	Current Single Discount		
	1% Decrease 6.25%	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
	<u>\$17,105,455</u>

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:

<u>Insurance Plan</u>	<u>Retiree Premium</u>	<u>City Premium</u>
Open Access Plan 1	20.00%	80.00%
Open Access Plan 2	18.00%	82.00%
Medicare Stand-Alone 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.

Active Employees (not including dependents)	888
Retirees & covered spouses of retirees (not including dependents)	<u>840</u>
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)	<u>(7,047,000)</u>
Net Changes	<u>16,922,005</u>
Total OPEB Liability - End of the year	<u>\$204,525,153</u>
 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.

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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	Rate Assumption	1% Increase
	1.60%	2.60%	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	Current	1% Increase
	6.50%	Trend Rate 7.50%	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	--	--
	<u>\$21,262,750</u>	<u>\$(1,976,084)</u>

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	-
	<u>\$19,286,666</u>

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 stabilize at \$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			
	<u>Workers' Compensation</u>		<u>Staywell</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
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.

Payment Record

The City has never defaulted on any financial obligations.

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%).

Major employers in the City include the following:

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
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.

General and Demographic Information

The following tables set forth certain population information.

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019⁽¹⁾</u>
City of Independence	111,797	112,301	113,288	121,212	116,672
Jackson County	629,266	633,232	654,880	671,057	703,011
State of Missouri	4,916,686	5,117,073	5,595,211	5,965,573	6,137,428

Source: U.S. Census Bureau.

⁽¹⁾ Estimated as of July 1, 2019.

Population Distribution by Age

<u>Age</u>	<u>City of Independence</u>	<u>Jackson County</u>	<u>State of Missouri</u>
Under Age 5	6.0%	6.7%	6.1%
Age 5-9	6.6	6.6	6.2
Age 10-14	6.7	6.6	6.4
Age 15 - 19	5.8	6.0	6.5
Age 20 - 24	5.5	6.1	6.8
Age 25 - 34	13.2	15.5	13.3
Age 35 - 44	11.9	12.5	12.1
Age 45 - 54	12.2	12.4	12.6
Age 55 - 59	7.5	6.9	7.0
Age 60 - 64	6.9	6.1	6.5
Age 65 - 74	9.8	8.5	9.5
Age 75 - 84	5.3	4.3	5.0
Age 85 and older	2.6	1.8	2.0
Median Age	40.2	36.8	38.6

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2015-2019).

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.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 ⁽¹⁾</u>
<u>Kansas City MSA (MO Part)</u>					
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%
<u>Jackson County</u>					
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%
<u>State of Missouri</u>					
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%
<u>United States</u>					
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.

Income Statistics

The following table sets forth estimated income statistics for 2019:

	<u>Per Capita</u>	<u>Median Household</u>
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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Housing Structures

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

<u>Year Round Units</u>	<u>Number of Units</u>	<u>Percentage of Units</u>
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:

	<u>Owner Occupied Median Value</u>
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.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<i>Residential</i>					
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
<i>Non-Residential</i>					
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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FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with generally accepted accounting principles. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. The City has implemented the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*.

An annual budget is prepared under the direction of the City Manager and submitted to the City Council for consideration prior to the fiscal year commencing on July 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Manager is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending June 30, 2020 was performed by Rubin Brown, in Kansas City, Missouri, and are contained in the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2020, attached as **Appendix B** to this Official Statement. Copies of the City's audited financial statements for the past five fiscal years are on file in the City Clerk's Office and are available for review.

Tax Revenues

The following table shows certain tax revenues and payments in lieu of taxes received by the City by source for fiscal years ended June 30, 2007 through June 30, 2020:

Fiscal Year Ended June 30	Total	Real Estate Tax	Railroad Utilities Tax	Cigarette Tax	Transient Guest Tax	Sales Tax	Franchise Tax	In Lieu of Taxes
2020	\$75,194,113	\$7,759,781	\$37,303	\$415,193	\$1,554,582	\$38,712,349	\$7,523,346	\$19,191,559
2019	77,631,016	7,859,632	42,846	412,888	1,967,003	38,326,339	8,651,580	20,370,728
2018	78,744,386	7,950,861	40,608	449,698	1,956,256	39,507,766	8,771,666	20,067,531
2017	76,337,352	7,663,413	41,536	471,109	1,994,953	38,464,140	8,703,530	18,998,671
2016	75,928,390	7,545,518	41,184	461,964	1,954,406	38,881,241	8,528,741	18,515,336
2015	76,723,399	7,544,987	39,503	436,414	1,616,667	38,711,511	9,960,928	18,413,389
2014	74,042,126	7,509,963	39,716	477,865	1,468,758	36,109,273	10,292,488	18,144,063
2013	73,571,048	7,423,146	37,904	499,152	1,356,592	35,818,354	10,414,823	18,021,077
2012	72,826,807	7,327,399	35,226	454,745	1,219,340	35,545,207	10,914,940	17,329,950
2011	75,265,266	7,459,074	31,864	468,859	1,077,506	34,483,950	15,532,633	16,211,380
2010	70,178,674	7,248,257	27,958	454,533	988,984	34,577,988	12,655,707	14,225,247
2009	68,635,417	7,053,116	55,093	514,225	972,773	35,866,523	10,669,952	13,503,735
2008	72,177,347	7,033,526	34,441	555,974	1,084,379	36,446,589	13,319,852	13,702,586
2007	65,930,374	6,912,877	39,502	567,039	1,020,663	36,141,096	8,209,734	13,039,463

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal years ended June 30, 2007 through June 30, 2020.

Property Valuations

Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City as of January 1, 2021:

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Market Value</u>
Real Estate:			
Residential	\$1,074,005,133	19%	\$5,652,658,595
Commercial ⁽¹⁾	316,977,374	32%	990,554,294
Agricultural	1,191,707	12%	9,930,892
State Assessed Railroad and Utilities	<u>6,304,077</u>	32%	<u>19,700,241</u>
Real Estate Sub-Total	\$1,398,478,291		\$6,672,844,021
Personal Property⁽²⁾	<u>298,129,289</u>	33.3% ⁽²⁾	<u>894,387,867</u>
Total	\$1,696,607,580		\$7,567,231,888

Source: Jackson and Clay County Assessor's Office.

⁽¹⁾ Includes assessed valuation of locally assessed railroad and utilities.

⁽²⁾ Assumes all personal property is assessed at 33-1/3%; because certain subclasses of tangible personal property are assessed at less than 33-1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City (excluding the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the City) according to the assessments of January 1 in each of the following years has been as follows:

<u>Tax Year</u> <u>Ended December 31</u>	<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Assessed</u> <u>Valuation</u>	<u>Percent</u> <u>Change</u>
2021	2022	\$1,696,607,580 ⁽¹⁾	8.60%
2020	2021	1,562,254,808	-3.20
2019	2020	1,613,879,450 ⁽¹⁾	14.99
2018	2019	1,403,493,591	0.66
2017	2018	1,394,246,656	5.08
2016	2017	1,326,799,032	0.88
2015	2016	1,315,162,858	3.96
2014	2015	1,265,006,477	-1.24
2013	2014	1,280,827,879	0.13
2012	2013	1,279,153,384	-0.01

Source: Jackson and Clay County Assessor's Office; City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020 (*Table 7*).

⁽¹⁾ Increases due to reassessment of all real property located within Jackson County and Clay County during tax years ended December 31, 2019 and 2021 in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission as required by Missouri law.

Major Property Taxpayers:

The following table sets forth a list of the largest real property taxpayers in the City based on the 2021 assessed valuation. The City has not independently verified the accuracy or completeness of such information.

<u>Name of Taxpayer</u>	<u>Type</u>	<u>2021</u> <u>Assessed</u> <u>Valuation</u>	<u>Percentage of Total</u> <u>2020 Assessed Valuation</u>
Southern Union DBA Mo Gas Energy	Utility	\$18,174,080	1.07%
Independence Mall Holding LLC	Commercial Retail	16,800,000	0.99
DT Independence Commons LLC	Commercial Retail	9,303,680	0.55
Mansion Gardens LP	Residential Housing	9,120,000	0.54
BRE Space Kansas City	Underground Storage	6,048,000	0.36
MPM Cornerstone LLC	Residential Housing	5,387,450	0.32
Pepperwood Apartments LLC	Residential Housing	3,705,000	0.22
Wal-Mart Real Estate Business Trust	Commercial Retail	3,680,000	0.22
Wade William J - Trustee	Individual Trust	3,080,640	0.18
State Storage Group Kansas City LLC	Storage	<u>2,734,148</u>	<u>0.16</u>
	Total	\$78,032,998	4.60%

Source: Jackson County Collection Department.

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 Events Center, which have been and are expected to be paid from annual appropriations of the net revenues generated from the City’s Power and Light Fund, Water Fund, Sewer Fund and the CID Sales Tax Revenues:

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
\$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

Excludes \$10,815,000 principal amount of Series 2011A Bonds to be defeased and refunded using proceeds of the Series 2021 Bonds.

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
24,760,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds ^{†††}	2021A	24,760,000
41,565,000	MDFB	Taxable Infrastructure Facilities Refunding Revenue Bonds ^{†††}	2021B	41,565,000

^{†††} Limited to annual appropriation of Available Sewer Revenues.

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

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Capital Leases:

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

	<u>Outstanding Principal Amount</u>
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
Motorola Solutions (radio equipment), semi-annual installments of \$187,670 through 2027; interest at 2.480%	1,034,404
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%	<u>335,451</u>
TOTAL	<u>\$19,573,805</u>

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.

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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.

<u>Jurisdiction</u>	<u>General Obligation Bond Issues Outstanding</u>	<u>Percentage Applicable to City of Independence</u>	<u>Amount Applicable to City of Independence</u>
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:	135,975,805 ⁽¹⁾
		Total direct and overlapping debt:	<u>\$314,303,202</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of 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, (b) the TIF Bonds, (c) the City's Series 2015D Bonds, and (d) the outstanding amount of the City's Capital Leases as of September 1, 2021. 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 and (ii) the outstanding principal amount of the Revenue Bonds anticipated to be paid from CID Sales Tax Revenues.

Anticipated Future Financings

Events Center Bonds. The Series 2021 Bonds are anticipated to constitute the first part of refunding and improvement transactions planned for the benefit of the Events Center. In early 2022, the City and the CID intend to issue refunding bonds to redeem the Series 2012C Bonds (currently outstanding in the principal amount of \$64,230,000) and issue a new money portion estimated to be sized in a manner as to not increase the total debt service as compared to the outstanding Events Center Bonds prior to the refunding of the Refunded Bonds and the Series 2012C Bonds.

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.

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF
INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020;
THE CITY'S UNAUDITED MONTHLY FINANCIAL AND
OPERATING REPORT FOR JUNE 2021;
THE CITY'S 2021-2022 OPERATING BUDGET**

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

**THE CITY'S UNAUDITED MONTHLY FINANCIAL
AND OPERATING REPORT FOR JUNE 2021**

THE CITY'S 2021-2022 OPERATING BUDGET

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

Robert W. Baird & Co. Incorporated
Clayton, Missouri

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 – Events Center Project), Series 2021

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Missouri Development Finance Board (the “Board”), of the above-referenced bonds (the “Bonds”). The Bonds have been authorized and issued pursuant to the Missouri Development Finance Board Act, Sections 100.250 to 100.297 of the Revised Statutes of Missouri, as amended (the “Act”), and the Bond Trust Indenture dated as of April 1, 2008, as supplemented and amended from time to time, including by a Series 2021 Supplemental Bond Trust Indenture dated as of November 1, 2021 (as supplemented and amended, the “Indenture”) between the Board and UMB Bank, N.A., as trustee (the “Trustee”). All capitalized terms not otherwise defined herein shall have the meanings set forth 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 April 1, 2008, as supplemented and amended from time to time, including by the Series 2021 Supplemental Financing Agreement dated as of November 1, 2021 (as supplemented and amended, the “Financing Agreement”) between the Board and the City.

Reference is made to an opinion of even date herewith of Lauber Municipal Law, LLC, serving as City Counselor to 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 body corporate and politic duly and legally organized and validly existing under the Act and has lawful power and authority to issue the Bonds and to enter into the Indenture, the Financing Agreement and the Tax Compliance Agreement and to perform its obligations thereunder.
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 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 of 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 constitute valid and legally binding agreements enforceable against the Board in accordance with the respective provisions thereof.
5. The interest on the 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 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 Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Financing Agreement and the Tax Compliance Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted 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